

## PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2018

## NEW ISSUE – FULL BOOK-ENTRY

RATING: S&amp;P: “\_\_\_”

See “CONCLUDING INFORMATION – Rating” herein.

In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series 2018 Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax for tax years beginning prior to January 1, 2018. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2018 Bonds. See “TAX MATTERS” herein.

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**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY  
TAX ALLOCATION REFUNDING BONDS, SERIES 2018  
(PROJECT AREA NO. 4)**

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

**Purpose.** The bonds captioned above (the “Series 2018 Bonds”) are being issued by the Successor Agency to the Carson Redevelopment Agency (the “Successor Agency”) pursuant to an Indenture of Trust dated as \_\_\_\_\_ 1, 2018 (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 2018 Bonds will be used to, among other items, refund on a current basis certain outstanding bonds previously issued by the Carson Redevelopment Agency (the “Former Agency”).

**Book-Entry; Payments.** The Series 2018 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 2018 Bonds. Individual purchases of the Series 2018 Bonds may be made in book-entry form only, in multiples of \$5,000. Principal of and interest on the Series 2018 Bonds will be paid directly to DTC by the Trustee. Principal of the Series 2018 Bonds is payable on the dates set forth on the inside cover page hereof. Interest on the Series 2018 Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2018. See “THE SERIES 2018 BONDS – Description of the Series 2018 Bonds.”

**Redemption.** The Series 2018 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2018 BONDS – Redemption.”

**Security; Parity Debt.** The Series 2018 Bonds are secured by a pledge of, security interest in and lien on all of the Pledged Project Area No. 4 Tax Revenues (as defined herein), which generally consist of tax increment revenues from Carson Redevelopment Area Project Area No. 4 within the Carson Consolidated Redevelopment Project Area, any such revenues in the Redevelopment Obligation Retirement Fund (as defined herein), and certain funds and accounts established and held by the Trustee under the Indenture, including. The Series 2018 Bonds are also secured by a pledge of and lien on RPTTF Revenues, which generally consist of tax increment revenues generated within other project areas of the Carson Consolidated Redevelopment Project Area that remain after the payment of certain bonds previously issued by the Successor Agency and the Former Agency. Subject to certain conditions, additional obligations on a parity with the Series 2018 Bonds may be issued or incurred in the future by the Successor Agency. See “SECURITY FOR THE SERIES 2018 BONDS.”

**Bond Insurance.** The Successor Agency has applied, and received commitments, for municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on some or all of the maturities of the Series 2018 Bonds when due and a debt service reserve policy for the Series 2018 Bonds. The Successor Agency will determine whether to purchase such policies in connection with the pricing of the Series 2018 Bonds.

**Limited Obligations.** The Series 2018 Bonds are limited obligations of the Successor Agency as described herein. The principal of and interest on the Series 2018 Bonds are not a debt of the City of Carson (the “City”), the County of Los Angeles (the “County”), the State of California (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 is liable thereon. The principal of and interest on the Series 2018 Bonds is not payable out of any funds other than those described in the Indenture. Neither the members of the Successor Agency, the Oversight Board of the Successor Agency, the City Council of the City, the Board of Supervisors of the County nor any persons executing the Series 2018 Bonds are liable for the payment of the Series 2018 Bonds.

*This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Series 2018 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described in this Official Statement. See “BONDOWNERS’ RISKS.”*

The Series 2018 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 the City Attorney of the City, Aleshire & Wynder LLP, Irvine, California, as general counsel to the Successor Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Series 2018 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about \_\_\_\_\_, 2018.

Piper Jaffray &amp; Co.

Cabrera Capital Markets, LLC

FTN Financial Capital  
Markets

Ramirez &amp; Co., Inc.

The date of this Official Statement is \_\_\_\_\_, 2018.

\* Preliminary, subject to change.

# MATURITY SCHEDULE

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**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Tax Allocation Refunding Bonds, Series 2018**  
**(Project Area No. 4)**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u> <u>(Base _____)</u>
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\$ \_\_\_\_\_ % Term Series 2018 Bond Due October 1, 20\_\_\_\_, Yield \_\_\_\_\_%,  
Price: \_\_\_\_\_, CUSIP<sup>†</sup> \_\_\_\_\_

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\* Preliminary, subject to change.  
<sup>†</sup> CUSIP Copyright 2018, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriters take any responsibility for the accuracy of the CUSIP data.

**CARSON SUCCESSOR AGENCY  
CARSON, CALIFORNIA**

**CITY COUNCIL/SUCCESSOR AGENCY BOARD**

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

**CITY/SUCCESSOR AGENCY STAFF**

*Kenneth C. Farfsing, City Manager and Executive Director*  
*Donesia Gause, City Clerk and Secretary*  
*Monica Cooper, City Treasurer and Treasurer*  
*Kathryn Downs, Finance Director*  
*John Raymond, Director of Community Development*  
*Aleshire & Wynder, LLP, City Attorney and General Counsel*

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**SPECIAL SERVICES**

**Bond Counsel**

*Aleshire & Wynder, LLP*  
*Irvine, California*

**Disclosure Counsel**

*Jones Hall, A Professional Law Corporation*  
*San Francisco, California*

**Municipal Advisor**

*C.M. de Crinis & Co., Inc.*  
*Glendale, 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*

**[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 2018  
(PROJECT AREA NO. 4)**

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 of the bonds captioned above (the “**Series 2018 Bonds**”).

### INTRODUCTION

*This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement including the cover page and the appendices, and the documents summarized or described herein. A full review must be made of the entire Official Statement. The offering of the Series 2018 Bonds to potential investors is made only by means of the entire Official Statement.*

### Authority and Purpose

The Series 2018 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 December 5, 2017, and an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (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**.”

The Successor Agency will use a portion of the proceeds of the Series 2018 Bonds will be used to refund on a current basis and defease all of the outstanding Carson Redevelopment Agency Redevelopment Project Area No. 4 Tax Allocation Bonds, Series 2006 (the “**2006 Bonds**”), previously issued by the former Carson Redevelopment Agency (the “**Former Agency**”). The 2006 Bonds are currently outstanding in the aggregate principal amount of \$22,740,000.

The remaining proceeds of the Series 2018 Bonds will be used to (i) fund a debt service reserve account for the Series 2018 Bonds by depositing in such fund an amount equal to the Reserve Requirement (as hereinafter defined) for the Series 2018 Bonds or to purchase a municipal bond debt service reserve insurance policy (any such policy, the “**2018 Reserve Policy**”) for the Series 2018 Bonds, and (ii) pay costs incurred in connection with the issuance,

sale, and delivery of the Series 2018 Bonds. See “– Application for Bond Insurance and Reserve Policies.”

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

**The City.** The City of Carson (the “**City**”) is located in the County of Los Angeles (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 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. 4**

**General.** The Former Agency established the following redevelopment project areas:

- Carson Redevelopment Project Area No. 1 (“**Project Area No. 1**”);
- Carson Redevelopment Project Area No. 2 (“**Project Area No. 2**”);
- Carson Redevelopment Project Area No. 3 (“**Project Area No. 3**”); and
- Carson Redevelopment Project Area No. 4 (“**Project Area No. 4**”).

As described in this Official Statement, in June 1996, the Former Agency merged Project Area No. 2, Project Area No. 3 and a then newly formed subarea, the Sepulveda/Alameda Sub-Area (as hereinafter defined), to form the Merged and Amended Project Area (the “**Merged and Amended Project Area**”).

In October 2011, the Former Agency fiscally merged Project Area No. 1, Project Area No. 4, and the Merged and Amended Project Area to form the Carson Consolidated Redevelopment Project Area (the “**Carson Consolidated Project Area**”). Project Area No. 1, Project Area No. 4 and the Merged and Amended Project Area are sometimes referred to in this Official Statement collectively as, the “**Component Areas**” and each a “**Component Area**.”

**The Redevelopment Plan.** On July 16, 2002, the City Council of the City (the “**City Council**”), approved and adopted the Redevelopment Plan (the “**Original Redevelopment Plan**”) for Project Area No. 4, pursuant to Ordinance No. 02-1254. The Original Redevelopment Plan has been amended several times since its adoption, including on October 11, 2010, pursuant to Ordinance No. 10-1459, which approved the Carson Consolidated Project Area Redevelopment Plan (the “**Amended and Restated Redevelopment Plan**”). Pursuant to the Amended and Restated Redevelopment Plan, Project Area No. 1, Project Area No. 4, and the Merged and Amended Project Area were fiscally merged to form the Carson Consolidated Project Area. The Original 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 “REDEVELOPMENT PROJECT AREA NO. 4 – The Redevelopment Plan” for further information regarding the Redevelopment Plan.

**Project Area No. 4.** Project Area No. 4 consists of approximately 942 acres located in eleven separate noncontiguous subareas. Over fifty percent of Project Area No. 4 is in two subareas: one in the northern section of the City, just south of Alondra Boulevard, and the other in the western portion of the City around Carson Street. Project Area No. 4 is a mix of land uses with more than fifty percent consisting of residential land uses. See “PROJECT AREA NO. 4” and “APPENDIX D – FISCAL CONSULTANT’S REPORT” for further information regarding Project Area No. 4.

**Discussion Regarding Component Areas Limited to Project Area No. 4.** As further described in this Official Statement, the Series 2018 Bonds are secured solely by a pledge of, security interest in and lien on (i) all of the Pledged Project Area No. 4 Tax Revenues (as hereinafter defined), which generally consist of tax increment revenues from Project Area No.

4, (ii) any such revenues in the Redevelopment Obligation Retirement Fund (as hereinafter defined), and (iii) certain funds and accounts established and held by the Trustee under the Indenture. The Series 2018 Bonds are also secured by a pledge of and lien on RPTTF Revenues (as hereinafter defined), which generally consist of tax increment revenues generated within Component Areas other than Project Area No. 4 and which remain after the payment of certain bonds previously issued by the Successor Agency and the Former Agency and solely to the extent Pledged Project Area No. 4 Tax Revenues are otherwise unavailable for the payment of debt service on the Series 2018 Bonds. Because the Successor Agency anticipates paying debt service on the Series 2018 Bonds solely from Pledged Project Area No. 4 Tax Revenues and due to the difficulty in projecting RPTTF Revenues, the discussion in this Official Statement regarding assessed values and other characteristics of the Component Areas, including the projections of tax increment revenues available to pay debt service on the Series 2018 Bonds, is limited to assessed values and other characteristics of Project Area No. 4 and Pledged Project Area No. 4 Tax Revenues only. See "SECURITY FOR THE SERIES 2018 BONDS" for further discussion regarding Pledged Project Area No. 4 Tax Revenues, RPTTF Revenues and other security for the Series 2018 Bonds. Certain limited information regarding the Former Agency's adoption of the other Component Areas and certain geographical information is set forth in this Official Statement under the caption, "THE SUCCESSOR AGENCY – Other Component Areas."

### **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, and the Los Angeles County Auditor-Controller (the "**County Auditor-Controller**") apportioned tax increment revenue to all redevelopment agencies as described in the Redevelopment Law. 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 (as hereinafter defined).

## 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.”

### Security for the Series 2018 Bonds

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. 4 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 for the Successor Agency established and held by the County Auditor-Controller (the “**Redevelopment Property Tax Trust Fund**” or “**RPTTF**”) 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 2018 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 2018 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 June 1 and January 2) 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 State Department of Finance (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 2018 BONDS – Recognized Obligation Payment Schedules or ROPS.”

As further described in this Official Statement, the Series 2018 Bonds are secured solely by a pledge of, security interest in and lien on (i) all of the Pledged Project Area No. 4 Tax Revenues, which generally consist of tax increment revenues from Project Area No. 4, (ii)

any such revenues in the Redevelopment Obligation Retirement Fund, and (iii) certain funds and accounts established and held by the Trustee under the Indenture. The Series 2018 Bonds are also secured by a pledge of and lien on RPTTF Revenues, which generally consist of tax increment revenues generated within Component Areas other than Project Area No. 4 and which remain after the payment of certain bonds previously issued by the Successor Agency and the Former Agency and solely to the extent Pledged Project Area No. 4 Tax Revenues are otherwise unavailable for the payment of debt service on the Series 2018 Bonds See “Limited Obligation” below. See “SECURITY FOR THE SERIES 2018 BONDS.”

### **No Senior Debt**

After the issuance of the Series 2018 Bonds, no indebtedness will be secured by a pledge or lien on (i) the Pledged Project Area No. 4 Tax Revenues, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture, or (iv) RPTTF Revenues, on a basis senior to the Series 2018 Bonds and Parity Debt. No obligations secured by Pledged Project Area No. 4 Tax Revenues on a basis senior the Series 2018 Bonds exists as of the date of this Official Statement.

In addition, pursuant to the Indenture, no additional debt may be issued with a lien on Pledged Project Area No. 4 Tax Revenues senior to the lien on Pledged Project Area No. 4 Tax Revenues securing the Series 2018 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 2018 Bonds and Parity Debt (as hereinafter defined). See “SECURITY FOR THE SERIES 2018 BONDS – No Senior Debt.”

### **Future Parity Debt (Pledged Project Area No. 4 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. 4 Tax Revenues on a parity with the Series 2018 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. 4 Tax Revenues)**.” No obligations secured by Pledged Project Area No. 4 Tax Revenues on a parity basis to the Series 2018 Bonds exists as of the date of this Official Statement.

See “SECURITY FOR THE SERIES 2018 BONDS – Future Parity Debt (Pledged Project Area No. 4 Tax Revenues).”

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

**Existing Parity Debt (RPTTF Revenues).** The Series 2018 Bonds are secured by RPTTF Revenues on a parity with the following outstanding bonds of the Successor Agency:

- \$52,920,000 original principal amount of Successor Agency to the Carson Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, 2015 Series B (Taxable) (the “**2015 Bonds**”), currently outstanding in the aggregate principal amount of \$47,200,000 and with a final maturity of February 1, 2036;
- \$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**”), currently outstanding in the aggregate principal amount of \$19,970,000 and with a final maturity of February 1, 2037; and

- \$12,315,000 original principal amount of Successor Agency to the Carson Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (the “**2017 Bonds**”), currently outstanding in the aggregate principal amount of \$11,695,000 and with a final maturity of February 1, 2036.

***Future Parity Debt (RPTTF Revenues).*** In addition, pursuant to the Indenture, the Successor Agency may 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, the 2017 Bonds, and the Series 2018 Bonds to refund any of the Existing Bonds (as hereinafter defined) 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. 4 Tax Revenues) and/or Parity Debt (RPTTF Revenues), as applicable, is sometimes referred to herein as “**Parity Debt.**” The Series 2018 Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture are referred to herein as, the “**Bonds.**”

See “SECURITY FOR THE SERIES 2018 BONDS – Existing and Future Parity Debt (RPTTF Revenues)” and “– Existing Bonds.”

### **Application for Bond Insurance and Reserve Policies**

The Successor Agency has applied, and received commitments, for municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on some or all of the maturities of the Series 2018 Bonds when due and a debt service reserve policy for the Series 2018 Bonds. The Successor Agency will determine whether to purchase such policies in connection with the pricing of the Series 2018 Bonds. Should the Successor Agency select a provider for such policies, then the Successor Agency will include a summary of the terms of such policies in the final Official Statement.

### **Reserve Account**

A debt service reserve fund will be established for the Series 2018 Bonds in an amount equal to the “**Reserve Requirement.**” The Reserve Requirement for the Series 2018 Bonds will be satisfied by the deposit of a portion of the proceeds of the Series 2018 Bonds in such fund in an amount equal to the Reserve Requirement for such bonds or with the delivery of a debt service reserve policy to the Trustee on the Closing Date. See “SECURITY FOR THE SERIES 2018 BONDS – Debt Service Reserve Account.”

### **Limited Obligation**

The Series 2018 Bonds are limited obligations of the Successor Agency and are secured solely by a pledge of, security interest in and lien on (i) all of the Pledged Project Area No. 4 Tax Revenues, which generally consist of tax increment revenues from Project Area No. 4, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture, and (iv) RPTTF Revenues, as further described in this Official Statement. The principal of and interest on the Series 2018 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 2018 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 2018 Bonds is liable personally on the Series 2018 Bonds by reason of their issuance.

### **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 2018 Bonds and as Escrow Agent with respect to the 2006 Bonds.

Causey Demgen Moore P.C. will act as Verification Agent (the **"Verification Agent"**) with respect to the 2006 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 tax increment revenues from Project Area No. 4 projected to be available to pay debt service on the Series 2018 Bonds as described in this Official Statement. 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 2018 Bonds and has assisted the Successor Agency in structuring the Series 2018 Bonds.

Piper Jaffray & Co., Cabrera Capital Markets, LLC, FTN Financial Capital Markets, and Ramirez & Co., Inc. (collectively, the **"Underwriters"**) are underwriting the Series 2018 Bonds.

All proceedings in connection with the issuance of the Series 2018 Bonds are subject to the approval of Aleshire & Wynder, LLP, Irvine, California, as 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 Aleshire & Wynder, LLP, as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriters' Counsel. *The fees and expenses of Disclosure Counsel, the Underwriters, Underwriters' Counsel and the Municipal Advisor are contingent upon the sale and delivery of the Series 2018 Bonds.*

### **Summaries of Documents**

This Official Statement includes descriptions of the Series 2018 Bonds, the Indenture, the Successor Agency, the City, Project Area No. 4, 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 2018 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. 4 since the date set forth on the cover.

## THE REFUNDING PLAN

### Refunding of 2006 Bonds

Concurrently with the issuance of the Series 2018 Bonds, the Successor Agency will enter into an Escrow Agreement dated as of \_\_\_\_\_ 1, 2018 (the “**Escrow Agreement**”), with The Bank of New York Mellon Trust Company, N.A., as escrow agent for the 2006 Bonds (the “**Escrow Agent**”). Pursuant to the Escrow Agreement, the Successor Agency will cause the Trustee to deliver a portion of the proceeds of the Series 2018 Bonds, along with other available amounts, to the Escrow Agent for deposit in the Escrow Fund.

The Escrow Agent will hold all amounts on deposit in the Escrow Fund in cash, uninvested. From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay on March \_\_, 2018, the outstanding principal amount of all of the 2006 Bonds and the accrued interest thereon to the date of repayment.

Pursuant to the indenture relating to the 2006 Bonds (the “2006 Indenture”), upon the deposit of the amounts described above in the Escrow Fund pursuant to the Escrow Agreement, the pledge of the Tax Revenues (as defined in the 2006 Indenture) and other funds provided for in the 2006 Indenture and all other obligations of The Bank of New York Mellon Trust Company, N.A., as trustee for the 2006 Bonds (the “2006 Trustee”) and the Successor Agency under the 2006 Indenture with respect to the 2006 Bonds, will cease and terminate, except only the obligations of the Successor Agency under the 2006 Indenture, the obligation of the 2006 Trustee to transfer and exchange 2006 Bonds under the 2006 Indenture, the obligation of the Successor Agency to pay or cause to be paid to the owners of the 2006 Bonds, from the amounts so deposited with the 2006 Trustee, all sums due thereon, the obligation of the Successor Agency to compensate and indemnify the 2006 Trustee pursuant to the 2006 Indenture and the obligation of the Successor Agency to pay the owners from amounts deposited with the Trustee.

*The amounts held in the Escrow Fund are pledged solely to the amounts due and payable by the Successor Agency with respect to the 2006 Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Series 2018 Bonds.*

### Verification of Mathematical Accuracy

Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”), will verify the sufficiency of the deposits in the Escrow Funds for the purpose described above. Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the Escrow Fund, the obligations of the Successor Agency with respect to the 2006 Bonds will be discharged as more fully described above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.



**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 2018 Bonds	\$
Plus/Less: [Net] Original Issue Premium/Discount	
Plus: Available Funds Related to 2006 Bonds	
<b>Total Sources</b>	<hr/> \$
<b>Uses:</b>	
Escrow Fund <sup>(1)</sup>	\$
Underwriters' Discount	
Costs of Issuance <sup>(2)</sup>	
<b>Total Uses</b>	<hr/> \$

(1) To be applied to the refunding and defeasance of the 2006 Bonds. See "THE REFUNDING PLAN."

(2) Costs of Issuance include fees and expenses of Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Verification Agent, Trustee, Escrow Agent, general counsel to the Successor Agency, printing expenses, premiums for municipal bond insurance and debt service reserve policies, if any, rating agency fees and other costs related to the issuance of the Series 2018 Bonds.

**Series 2018 Bonds Debt Service**

The following table shows the scheduled annual debt service for the Series 2018 Bonds.

<b>Period Ending October 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			

## THE SERIES 2018 BONDS

### Authority for Issuance

The Series 2018 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 2018 Bonds was approved by the Successor Agency pursuant to Resolution No. \_\_\_\_, adopted on [December 5, 2017] (the “**Resolution**”), and approved by the Oversight Board pursuant to Resolution No. \_\_\_\_, adopted on December \_\_\_\_, 2017 (the “**Oversight Board Resolution**”). This Official Statement was approved by the Successor Agency on \_\_\_\_, 2018.

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was subsequently provided by the Successor Agency to the DOF. On \_\_\_\_, 2018, 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 2018 Bonds is approved by the DOF.

Section 34177.5(f) 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.

### Description of the Series 2018 Bonds

The Series 2018 Bonds will be issued as fully registered bonds without coupons in integral multiples of \$5,000 for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”), New York, New York, as registered owner of all Series 2018 Bonds. The initially executed and delivered Series 2018 Bonds will be dated the date of delivery (the “**Closing Date**”) and mature on October 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Series 2018 Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2018 (each, an “**Interest Payment Date**”). Interest on the Series 2018 Bonds will be computed on the basis of a 360 day year of twelve 30 day months. The Series 2018 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 September 15, 2018, in which event it shall bear interest from its Closing Date; provided, however, that if, at the time of authentication of any Series 2018 Bond, interest is then in default on the Outstanding Series 2018 Bonds, such Series 2018 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 2018 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 2018 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2018 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 2018 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.

One fully-registered bond will be issued for each series and maturity of the Series 2018 Bonds, each in the aggregate principal amount of such respective maturity, and will be deposited with DTC. See "APPENDIX G – BOOK-ENTRY ONLY SYSTEM."

### Redemption \*

**Optional Redemption.** The Series 2018 Bonds maturing on or prior to October 1, 20\_\_ are not subject to optional redemption. The Series 2018 Bonds maturing on or after October 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 October 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 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

**Mandatory Sinking Fund Redemption.** The Series 2018 Bonds maturing on October 1, 20\_\_ and October 1, 20\_\_ (collectively, the "**Series 2018 Term Bonds**"), are subject to mandatory redemption, in part by lot on October 1 in each year, commencing October 1, 20\_\_ and October 1, 20\_\_, respectively, 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 October 1 of the years set forth in the following tables; provided, however, that (a) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency as described below, 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.

### Series 2018 Term Bonds Maturing October 1, 20\_\_

Sinking Fund Redemption Date	Principal Amount to be Redeemed
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(Maturity)

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\* Preliminary; subject to change.

**Series 2018 Term Bonds  
Maturing October 1, 20\_\_**

Sinking Fund  
Redemption Date

Principal Amount to be  
Redeemed

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(Maturity)

**Notice of Redemption and Rescission.** The Trustee will send (by first class mail, postage prepaid, or, with respect to notices to be sent to DTC or its nominee, the Information Services or the Securities Depository by a transmission method that is acceptable to such entity) 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 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 Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the 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 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 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 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 Bonds from and after the redemption date specified in such notice.

***Manner of Redemption.*** Whenever any 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 Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the 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.

***Purchase in Lieu of Redemption.*** In lieu of redemption of any Term Bond, amounts on deposit in the Redevelopment Obligation Retirement Fund, if available, 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 October 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 October 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said October 1.

## **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 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 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 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 Bond shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or 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 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 DISSOLUTION ACT

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

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule (see "SECURITY FOR THE SERIES 2018 BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Series 2018 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 Original Redevelopment Plan, taxes levied upon taxable property in Project Area No. 4 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 Original Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Original Redevelopment Plan that added territory to Project Area No. 4, if any, are to be divided as follows:

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in Project Area No. 4 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 Original Redevelopment Plan, or the effective dates of ordinances approving amendments to the Original Redevelopment Plan that added territory to Project Area No. 4 (the "**base year valuation**"), if any, will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- (b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable

to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the Redevelopment Plan, following the date of issuance of the Series 2018 Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects, and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. None of the taxes pledged to the debt service on the Series 2018 Bonds are derived from such overrides and therefore, no such overrides will be available to pay the Series 2018 Bonds. See "REDEVELOPMENT PROJECT AREA NO. 4 – Tax Rates" for more information.



## SECURITY FOR THE SERIES 2018 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 2018 Bonds are secured solely by a pledge of, security interest in and lien on (i) all of the Pledged Project Area No. 4 Tax Revenues, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture, and (iv) RPTTF Revenues, all as further described below.

### Pledge Under the Indenture

Pursuant to the Indenture, except as may otherwise be required to compensate or indemnify the Trustee or as otherwise provided in the Indenture, the Series 2018 Bonds and any Parity Debt (Pledged Project Area No. 4 Tax Revenues) shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Project Area No. 4 Tax Revenues and any of Pledged Project Area No. 4 Tax Revenues funds in the Redevelopment Obligation Retirement Fund. The Series 2018 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.

The Indenture further provides that, subject to the preceding paragraph, including the pledge of Pledged Project Area No. 4 Tax Revenues, the Series 2018 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, the 2017 Bonds and all other Parity Debt (RPTTF Revenues). **The Indenture further provides that the Series 2018 Bonds shall be payable from RPTTF Revenues if Pledged Project Area No. 4 Tax Revenues are insufficient for the payment of debt service on the Series 2018 Bonds and other pledged obligations under the Indenture.**

In consideration of the acceptance of the 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 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 Bonds without preference, priority or distinction as to security or otherwise of any of the 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. 4 Tax Revenues and RPTTF Revenues

***Pledged Project Area No. 4 Tax Revenues Defined.*** “Pledged Project Area No. 4 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. 4, as provided in the Redevelopment Plan pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law (excluding (i) 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. 4 – Statutory Pass-Through Payments”), 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.

Pledged Project Area No. 4 Tax Revenues additionally includes monies deposited from time to time in the Redevelopment Property Tax Trust Fund with respect to Project Area No. 4, 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. 4 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. 4 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. 4 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.

The term “**Bond Year**” is defined in the Indenture to mean, (a) with respect to Pledged Project Area No. 4 Tax Revenues each twelve (12) month period extending from October 2 in one calendar year to October 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on October 1, 2018; and (b) with respect to Pledged RPTTF Revenue 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 2018 Bonds shall commence on the Closing Date and end on February 1, 2019.

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) and any bonds issued to refund such bonds similarly secured by amounts which prior to the adoption of the Dissolution Act were required to be deposited into the RDA low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law 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. 4 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. 4 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. 1, 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 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 2018 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 Indenture provides that the Series 2018 Bonds shall be payable from RPTTF Revenues if Pledged Project Area No. 4 Tax Revenues are insufficient for the payment of debt service on the Series 2018 Bonds and other pledged obligations under the Indenture. Accordingly, to the extent RPTTF Revenues are permitted pursuant to the Indenture to pay debt service on the Series 2018 Bonds, such revenues will not include tax increment revenue from Project Area No. 4. Additionally, in the event Pledged Project Area No. 4 Tax Revenues are insufficient for the Successor Agency to pay debt service on the Series 2018 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. 4, it is possible that such decline in assessed values has been experienced generally in the remainder of the Carson Consolidated Project Area. Because the Successor Agency anticipates paying debt service on the Series 2018 Bonds solely from Pledged Project Area No. 4 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 2018 Bonds under the terms of the Indenture), the discussion in this Official Statement regarding assessed values and other characteristics of the Component Areas, including the projections of tax increment revenues available to pay debt service on the Series 2018 Bonds, is limited to assessed values and other characteristics of Project Area No. 4 and Pledged Project Area No. 4 Tax Revenues only.

See “SECURITY FOR THE SERIES 2018 BONDS” for further discussion regarding Pledged Project Area No. 4 Tax Revenues, RPTTF Revenues and other security for the Series 2018 Bonds. Certain limited information regarding the Former Agency’s adoption of the other Component Areas and certain geographical information is set forth in this Official Statement under the caption, “THE SUCCESSOR AGENCY – Other Component Areas.”

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 2018 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. 4 representing the former Housing Set-Aside will continue 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. 4. 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. 4 Tax Revenues pledged to the payment of debt service on the Series 2018 Bonds.

Currently, the Pro Rata Share of Housing Debt Service with respect to Project Area No. 4 is approximately 19.25% of total debt service on the total debt service on the 2010 Housing Bonds.

See “– Pledged Project Area No. 4 Tax Revenues and RPTTF Revenues – Pledged Project Area No. 4 Tax Revenues Defined” above and “– Existing Bonds” below for additional information regarding Pro Rata Share of Housing Debt Service and the 2010 Housing Bonds, respectively.

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

**Redevelopment Obligation Retirement Fund.** The Successor Agency has established 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. Pursuant to the Indenture, Pledged Project Area No. 4 Tax Revenues shall be deposited in the Redevelopment Obligation Retirement Fund for the payment of the Series 2018 Bonds and Parity Debt (Pledged Project No. 4 Revenues). The Redevelopment Obligation Retirement Fund shall 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. 4 Tax Revenues received with respect to any Semiannual Period in accordance with the Indenture into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. Any Pledged Project Area No. 4 Tax Revenues shall be deposited in the Redevelopment Obligation Retirement Fund for the Series 2018 Bonds and any Parity Debt (Pledged Project Area No. 4 Revenues) on a pro rata basis. All Pledged Project Area No. 4 Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required under the Indenture in order to pay debt service on the Series 2018 Bonds in the applicable Bond Year (including amounts due to the issuer of a municipal bond insurance policy for the Series 2018 Bonds or the 2018 Reserve Policy (the “**2018 Insurer**”)) and any Parity Debt or replenish the Reserve Account (including amounts due to the 2018 Insurer with respect to the 2018 Reserve Policy) or any reserve fund established pursuant to a Parity Debt Instrument in any Bond Year and to make any other payments due under the Indenture 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. 4 Tax Revenues.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Series 2018 Bonds and the payment in full of all other amounts payable under the Indenture 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 Pledged Project No. 4 Tax Revenues in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

If and to the extent Pledged Project Area No. 4 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 Business Days preceding each Interest Payment Date, the Successor Agency shall transfer from the Redevelopment Obligation Retirement Fund constituting Pledged Project Area No. 4 Tax Revenues 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, Reserve Account and the Redemption Account pursuant to the Indenture (provided that, if on the fifth Business Day prior to the date the Successor Agency is required to transfer Pledged Project No. 4 Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to the Trustee there are not amounts on deposit therein sufficient to make the such deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency and/or transfer any available RPTTF Revenues).

**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;
- (3) Reserve Account; and
- (4) Redemption 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.”

#### **Debt Service Reserve Account**

**General.** Under the Indenture, the Trustee will establish a separate account within the Debt Service Fund known as the “**Reserve Account**” solely as security for payments of the Bonds payable by the Successor Agency pursuant to the Indenture to be held by the Trustee in trust for the benefit of the Owners of the Bonds.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt not issued as Bonds in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The Reserve Requirement for the Series 2018 Bonds will be satisfied by the deposit of a portion of the proceeds of the Series 2018 Bonds in the Reserve Account in an amount equal to the Reserve Requirement or by the delivery of the 2018 Reserve Policy by the 2018 Insurer on the Closing Date. In the event the Reserve Requirement for the Series 2018 Bonds is satisfied by the delivery of the 2018 Reserve Policy, the Successor Agency will have no obligation to replace the 2018 Reserve Policy or to fund the Reserve Account with cash if, at any time that the Series 2018 Bonds are Outstanding, amounts are not available under the 2018 Reserve Policy other than in connection with a draw on the 2018 Reserve Policy.

**Definition of Reserve Requirement.** The Indenture defines “**Reserve Requirement**” to mean with respect to the Series 2018 Bonds, and each series of Parity Debt (if required pursuant to the Indenture) issued in the form of Bonds or pursuant to a Parity Debt Instrument, the lesser of (i) 125% of the average Annual Debt Service with respect to that series of the Bonds, (ii) Maximum Annual Debt Service with respect to that series of the Bonds, or (iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Internal Revenue Code of 1986, including any regulations promulgated thereunder, to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument (as hereinafter defined) meeting the requirements of the Indenture as described below.

**Use of Moneys in the Reserve Account.** Pursuant to the Indenture, except as described in the preceding paragraph and as may be provided in a Supplemental Indenture, in the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

In the event the Reserve Requirement for the Series 2018 Bonds is satisfied by the delivery of the 2018 Reserve Policy, the amounts available under the 2018 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any

deficiency at any time in any of such accounts with respect to the payment of debt service on the Series 2018 Bonds.

Except as described above, the amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds and any Parity Debt in full. If there shall then not be sufficient Pledged Project Area No. 4 Tax Revenues or RPTTF Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Project Area No. 4 Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to any Parity Debt Instrument and under the Indenture to the Interest Account, the Principal Account and the [Sinking Account], in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two Business Days preceding each April 1 and October 1 by the Trustee and deposited in the Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or shall be applied pro rata as required by any Parity Debt Instrument, as applicable.

***Deposit of Qualified Reserve Account Credit Instrument.*** The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation, if applicable. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Law.

The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Pledged Project Area No. 4 Tax Revenues.

If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture shall be pro-rata with respect to each such instrument. If the Reserve Requirement with respect to a particular series of Bonds is secured by a Qualified Reserve Account Credit Instrument that relates only to such series of Bonds, the calculation of Reserve Requirement for such series of Bonds shall be calculated on a stand-alone basis.

**Definition of Qualified Reserve Account Credit Instrument.** The Indenture defines the term “**Qualified Reserve Account Credit Instrument**” to mean (i) with respect to the Bonds, an irrevocable standby or direct pay letter of credit or surety bond issued by a financial institution or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company of “A” (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account and the Principal Account for the purpose of making payments required pursuant to the Indenture and (ii) with respect to any Parity Debt, such instrument as is set forth in the Parity Debt Instrument relating to such Parity Debt.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for additional information regarding the Reserve Account.

### **No Senior Debt**

After the issuance of the Series 2018 Bonds, no indebtedness will be secured by a pledge or lien on (i) the Pledged Project Area No. 4 Tax Revenues, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture, or (iv) RPTTF Revenues, on a basis senior to the Series 2018 Bonds and Parity Debt. No obligations secured by Pledged Project Area No. 4 Tax Revenues on a basis senior the Series 2018 Bonds exists as of the date of this Official Statement.

In addition, pursuant to the Indenture, no additional debt may be issued with a lien on Pledged Project Area No. 4 Tax Revenues senior to the lien on Pledged Project Area No. 4 Tax Revenues securing the Series 2018 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 2018 Bonds and Parity Debt.

### **Existing Bonds**

As previously described, RPTTF Revenues generally consist of 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 and that are deposited in the RPTTF, excluding, among



other items, the portion of such taxes required to pay debt service on and other pledged obligations related to the Existing Bonds, 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.

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 by a particular project area (including, Project Area No. 4, the Merged and Amended Project Area or Project Area No. 1) 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:

- \$5,410,863 original principal amount of Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2003B, issued as capital appreciation bonds, with a final accreted value of \$20,550,000 and final maturity of October 1, 2032;
- \$16,845,000 original principal amount of Carson Redevelopment Agency Merged and Amended Project Area Subordinate Lien Tax Allocation Refunding Bonds, Series 2007A, which are outstanding in the aggregate principal amount of \$15,850,000 and have a final maturity of January 1, 2036;
- \$14,940,000 original principal amount of 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**”), which are outstanding in the aggregate principal amount of \$5,800,000 and have a final maturity of October 1, 2021;
- \$25,620,000 original aggregate principal amount of Carson Redevelopment Agency Tax Allocation Housing Bonds 2010 Series A (the “**2010 A Housing Bonds**” and together with the 2010 A-T Housing Bonds, the “**2010 Housing Bonds**”), which are outstanding in the aggregate principal amount of \$25,620,000 and have a final maturity of October 1, 2036;
- \$26,190,000 original principal amount of Successor Agency to the Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A, which are currently outstanding in the aggregate principal amount of \$22,675,000 and with a final maturity of October 1, 2034;
- \$17,040,000 original principal amount of Successor Agency to the Carson Redevelopment Agency Carson Merged and Amended Project Area Tax Allocation Refunding Bonds, Series 2014A, which are outstanding in the aggregate principal amount of \$11,475,000 and have a final maturity of October 1, 2024;
- 2016 Bonds to the extent secured by Pledged Project Area No. 1 Tax Revenues;
- 2017 Bonds to the extent secured by Pledged Project Area No. 1 Tax Revenues; and
- Series 2018 Bonds, to the extent secured by Pledged Project Area No. 4 Tax Revenues.

The Existing Bonds, including the Series 2018 Bonds, are secured by tax increment revenues (i) generated in a Component Area of the Carson Consolidated Project Area, and/or (ii) amounts deposited in the Redevelopment Property Tax Trust Fund, or (iii) the Prior Housing Deposit. The payment of debt service on the Series 2018 Bonds from amounts deposited in the Redevelopment Property Tax Trust Fund from Component Areas other than Project Area No. 4 (i.e. RPTTF Revenues) is subordinate 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 2018 BONDS – Pledged Project Area No. 4 Tax Revenues and RPTTF Revenues” for a description of the security for the Series 2018 Bonds.

#### **Future Parity Debt (Pledged Project Area No. 4 Tax Revenues)**

After the issuance of the Series 2018 Bonds, no indebtedness will be secured by a pledge or lien on (i) the Pledged Project Area No. 4 Tax Revenues, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture on a basis Parity to the Series 2018 Bonds.

If then authorized by the Law, the Successor Agency may issue or incur additional Parity Debt (Pledged Project Area No. 4 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 2018 Bonds or any refunding bonds of the Series 2018 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. 4 Tax Revenues), see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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

The Series 2018 Bonds are secured by RPTTF Revenues on a parity with the 2015 Bonds, the 2016 Bonds, and the 2017 Bonds. The 2015 Bonds, the 2016 Bonds, and the 2017 Bonds are currently outstanding in the aggregate principal amount of \$47,200,000, \$19,970,000, and \$11,695,000, respectively.

Under the Indenture, the 2015 Bonds, the 2016 Bonds, the 2017 Bonds, and the Series 2018 Bonds constitute Parity Debt (RPTTF). Additional bonds, loans, advances or indebtedness payable from RPTTF Revenues on a parity with the 2015 Bonds, the 2016 Bonds, the 2017 Bonds and the Series 2018 Bonds may be issued or incurred by the Successor Agency to refund any of the Existing Bonds or outstanding Series 2018 Bonds or Parity Debt (RPTTF) 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. Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Project Area No. 4 Tax Revenues, on a subordinate basis to the payment of debt service on the Bonds from Pledged Project Area No. 4 Tax Revenues. The Successor Agency may issue or incur Subordinate Debt secured by 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 2018 Bonds from RPTTF Revenues. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## Recognized Obligation Payment Schedules or ROPS

***Submission of Recognized Obligation Payment Schedules.*** 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.

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. For example, on February 1, 2018, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2018 through June 30, 2019.

In addition, 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. In connection with the issuance of the 2017 Bonds, the Successor Agency covenanted not submit a final amendment permitted to a Last and Final Recognized Obligation Payment Schedule without the prior consent of the Assured Guaranty Municipal Corp., as issuer of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on certain 2017 Bonds and a municipal debt service reserve policy for the 2017 Bonds, unless all amounts that could become due to Assured Guaranty Municipal Corp. are included as a line item on the Last and Final Recognized Obligation Payment Schedule. The Successor Agency currently does not have any plans to file a Last and Final Recognized Obligation Payment Schedule.

***Payment of Amounts Listed on the 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.

***Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.*** 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 (as described below) to the extent permitted under the Dissolution Act and no later than each June 1 and January 2, 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. 4 – No Tax Sharing Agreements,” “– Statutory Pass-Through Payments,” and “– No Section 33676 Payments”);

(ii) second, on each June 1 and January 2, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each June 1 and January 2, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each June 1 and January 2, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for statutory pass-through obligations to the taxing entities on each June 1 and January 2 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund

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

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

The Dissolution Act provides for a procedure by which the Successor Agency may make statutory pass-through payments subordinate to bonds, including the Series 2018 Bonds. The Successor Agency has not undertaken the requisite procedures to obtain such subordination of statutory pass-through payments required to be made from tax increment revenues generated in Project Area No. 4 and, therefore, such payments are payable on a senior basis to the payment of debt service on the Series 2018 Bonds, as described below. The Former Agency did not enter into any pass-through agreements with respect to Project Area No. 4, as described below. See "REDEVELOPMENT PROJECT AREA NO. 4 – No Tax Sharing Agreements," and "– Statutory Pass-Through Payments."

***Relevant Covenant by the Successor Agency.*** 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 2018 Bonds, and to 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 agrees to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indenture to replenish the Reserve Account, in Recognized Obligation Payment Schedules for each annual 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 Bonds coming due in the respective six-month period, plus the deposits required, to the extent [Pledged Tax Revenues are available from Project No. 4], to fund payments due on the Bonds on April 1 and October 1 in the then current Bond Year. These actions will include, without limitation, placing on the Recognized Obligation Payment Schedule for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month 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 when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period.

In particular, with respect to the Bonds and Parity Debt, (a) the Successor Agency will place on the Recognized Obligation Payment Schedules relating to the January 2 disbursement date an amount sufficient, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Bonds and any Parity Debt (Pledged Project Area No. 4 Tax Revenues) on such dates or on deposit in the Redevelopment Obligation Retirement 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 April 1 and October 1, and (b) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient Pledged Project Area No. 4 Tax Revenues to pay debt service on the Bonds and any Parity Debt, the Successor Agency will place on Recognized Obligation Payment Schedules relating to the June 1 disbursement date amounts required to pay debt service on the Bonds and any Parity Debt on the next succeeding October 1.

In the event Pledged Project Area No. 4 Tax Revenues are insufficient to pay debt service on the Bonds in any given bond year, the Successor Agency will pay debt service due on April 1 and October 1 from RPTTF Revenues on a parity basis with debt service on the 2015 Bonds, 2016 Bonds and 2017 Bonds and any [other] Parity Debt (RPTTF Revenues).

The Indenture further provides that, notwithstanding anything therein to the contrary, the payment of principal and interest on October 1, 2018, as applicable, with respect to the Series 2018 Bonds may be paid from the distribution of RPTTF on January 2, 2018 and June 1, 2018, which distribution was requested and approved by the DOF for ROPS 2017-18B and requested on ROPS 2018-19A for the debt service on the 2006 Bonds.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Series 2018 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 2018 Bonds.

See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for a further description of the covenant of the Successor Agency in the Indenture with respect to the submission of Recognized Obligation Payment Schedules.

***History of Submission of the ROPS.*** The Successor Agency has procedures in place to ensure full and timely compliance with the above-described covenant. Under the direction of the City's Finance Director, the Successor Agency has submitted all previous Recognized Obligation Payment Schedules of the Successor Agency on a timely basis.

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board, the County Auditor-Controller and the DOF on or before each February 1 (unless the Successor Agency submits and obtains approval from the DOF of a Last and Final Recognized Obligation Payment Schedule), then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the schedule is not submitted to the DOF. See “– Submission of Recognized Obligation Payment Schedules” above for discussion regarding submission of a Last and Final Recognized Obligation Payment Schedule. 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%. If the Successor Agency fails to submit a ROPS by the February 1 deadline, any creditor of the successor agency or the DOF or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the Series 2018 Bonds, see “BONDOWNERS’ RISKS – Recognized Obligation Payment Schedules.”

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. Amounts described as “excess tax increment revenues” do not represent RPTTF Revenues in such fiscal years.

Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF)	County Admin. Fees	Pass Through Payments	Available for Enforceable Obligations	Bond Debt Service <sup>(1)</sup>	Excess Tax Increment Revenues <sup>(2)</sup>
2012-13	III and 13-14A	\$31,286,629	\$615,442	\$2,866,473	\$27,804,713	\$15,502,052	\$12,302,661
2013-14	13-14B and 14-15A	32,204,166	593,317	3,275,580	28,335,269	15,569,109	12,766,159
2014-15	14-15B and 15-16A	31,827,883	561,394	4,083,135	27,183,354	16,047,872	11,135,482
2015-16	15-16B and 2016-17A	33,543,626	555,819	4,279,203	28,708,605	19,912,160	8,796,445
2016-17	16-17B and 17-18A	37,287,260	606,476	5,074,808	31,605,977	19,607,273	11,998,704

(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 Existing Bonds (excluding the Series 2018 Bonds) and the 2006 Bonds and certain other indebtedness of the Successor Agency; excludes amounts paid for administrative costs and enforceable obligations that are or would have been payable on a basis subordinate to the payment of debt service on such bonds.

Source: County of Los Angeles and City of Carson.

As previously described, because the Successor Agency anticipates paying debt service on the Series 2018 Bonds solely from Pledged Project Area No. 4 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 2018 Bonds under the terms of the Indenture), the discussion in this Official Statement regarding assessed values and other characteristics of the Component Areas, including the projections of tax increment revenues available to pay debt service on the Series 2018 Bonds,

is limited to assessed values and other characteristics of Project Area No. 4 and Pledged Project Area No. 4 Tax Revenues only. See “SECURITY FOR THE SERIES 2018 BONDS” for further discussion regarding Pledged Project Area No. 4 Tax Revenues, RPTTF Revenues and other security for the Series 2018 Bonds. Certain limited information regarding the Former Agency's adoption of the other Component Areas and certain geographical information is set forth in this Official Statement under the caption, “THE SUCCESSOR AGENCY – Other Component Areas.”

The Fiscal Consultant also aggregated deposits to the Redevelopment Property Tax Trust Fund from tax increment revenues generated in the Component Areas other than Project Area No. 4 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 as 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 or projections by the Successor Agency or the Underwriters of RPTTF Revenues in the future. See “APPENDIX D – FISCAL CONSULTANT'S REPORT.”



## **THE SUCCESSOR 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.

### **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 the 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, the 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 the 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 the DOF will review these plans as submitted on a rolling basis.

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

### **Successor Agency Fiduciary Fund**

Set forth in APPENDIX B is the fiscal year 2016-17 financial statement with respect to the Successor Agency Fiduciary Fund which is excerpted from the audited City of Carson, California, Year End June 30, 2017 Comprehensive Annual Financial Report (the “**CAFR**”), the most recent annual financial report of the City. 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.

### **Other Component Areas**

**Project Area No. 1.** The City Council of the City adopted Ordinance 71-205 on December 20, 1971 officially establishing Project Area No. 1. Project Area No. 1 consists of approximately 2,263 acres and includes industrial, commercial office and retail uses. Project Area No. 1, when combined with Project Area No. 4, puts the entire Carson Street corridor into a redevelopment project area.

**Merged and Amended Project Area.** In June 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 and 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**”) thereby creating the Merged and Amended Project 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.

***Merger of Component Areas.*** Pursuant to Ordinance No. 10-1459 adopted by the City Council on October 11, 2010, Project Area No. 1, Project Area No. 4, and the Merged and Amended Project Area were fiscally merged to form 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. 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.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" for additional information regarding the other Component Areas of the Carson Consolidated Project Area.

## PROPERTY TAXATION IN CALIFORNIA

### Property Tax Collection Procedures

**Classification.** In the State, property which is subject to ad valorem taxes is classified as “secured” or “unsecured.” Secured 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 which 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 (e.g., 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.** Assessed values of secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. 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 which 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 then 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 (Chapter 498 of the Statutes of 1983) provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the supplemental assessment and is determined by applying

the current year's tax rate to the amount of increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property.

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 or decreased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from supplemental assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. This statute provides increased or decreased 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. 4, Pledged Project Area No. 4 Tax Revenues may increase.

**Property Tax Administrative Costs.** In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to recover charges 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, in an amount equal to the fiscal year 1989-90 property tax administration costs, as adjusted annually.

SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. The SB 2557 charges for fiscal year 2016-17 were approximately 1.15% of the gross tax increment revenues from Project Area No. 4. 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 2557/SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund which charges for fiscal year 2016-17 totaled 0.60% of the gross tax increment revenues from Project Area No. 4.

The projections of Pledged Project Area No. 4 Tax Revenues in the Fiscal Consultant's Report and this Official Statement assume that the County's administrative charges for fiscal year 2017-18 and each fiscal year thereafter will be 1.75% of gross tax increment from Project Area No. 4 based on the County's actual collection charges for fiscal year 2016-17. See "APPENDIX D – FISCAL CONSULTANT'S REPORT" and "REDEVELOPMENT PROJECT AREA NO. 4 – Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage."

**Recognized Obligation Payment Schedule.** See "SECURITY FOR THE SERIES 2018 BONDS – Recognized Obligation Payment Schedules" and "BONDOWNERS' RISKS – Recognized Obligation Payment Schedules."

## **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. 4.

Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Pledged Project Area No. 4 Tax Revenues.

### **Unitary Property**

Legislation enacted in 1986 and 1987 provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization (“**SBE**”), other than railroads. Prior to fiscal year 1988-89, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area.

Assembly Bill (“**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 utility companies) is to be allocated county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the county. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the SBE. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The Fiscal Consultant estimates the amount of unitary revenue be received by Project Area No. 4 for fiscal year 2017-18 to be minimal at \$21,500.

### **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. 4 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. 4 Tax Revenues pledged to the payment of debt service on the Series 2018 Bonds. See “SECURITY FOR THE SERIES 2018 BONDS – Pledged Project Area No. 4 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 and the 11 prior fiscal years.

#### **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 Limitation – Article XIII B**

Article XIII B limits the annual appropriations of the State and its political subdivisions 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 “base year” for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes 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 a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds 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, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

#### **Proposition 87**

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (other than the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Effective September 22, 2015, the Dissolution Act provides that such debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override. None of the taxes pledged to the debt service on



the Series 2018 Bonds are derived from such overrides and therefore, no such overrides will be available to pay the Series 2018 Bonds. See “REDEVELOPMENT PROJECT AREA NO. 4 – Tax Rates” for more information.

### **Appeals of Assessed Values**

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner’s property by filing a written application, in a form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner’s property in any one year must submit an application to the County Assessment Appeals Board (the “**Appeals Board**”). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor’s Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as “ongoing hardship”), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the “base year” value of an assessment, which generally must be made within four years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for “ongoing hardship” in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See “REDEVELOPMENT PROJECT AREA NO. 4 – Assessment Appeals” for information regarding historical and pending appeals of assessed valuations by property owners in Project Area No. 4.

### **Proposition 8**

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property’s market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of

the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may be increased to the market value of the property without regard to the otherwise applicable the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The Fiscal Consultant reports that 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. Accordingly, no information regarding reductions or restorations of assessed values pursuant to Proposition 8 within Project Area No. 4 are included in this Official Statement or in the Fiscal Consultant’s Report. For purposes of the projections of Pledged Project Area No. 4 Tax Revenues in this Official Statement and the Fiscal Consultant’s Report, the Fiscal Consultant has assumed that reductions or restorations of assessed values within Project Area No. 4 will occur in the future.

## **Propositions 218 and 26**

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIIC of the State Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the State Constitution.

Pledged Project Area No. 4 Tax Revenues securing the Series 2018 Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

## **Future Initiatives**

Article XIII A, Article XIIB, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

## REDEVELOPMENT PROJECT AREA NO. 4

As previously described, the Series 2018 Bonds are secured solely by a pledge of, security interest in and lien on (i) all of the Pledged Project Area No. 4 Tax Revenues, (ii) any such revenues in the Redevelopment Obligation Retirement Fund, (iii) certain funds and accounts established and held by the Trustee under the Indenture, and (iv) RPTTF Revenues. Because the Successor Agency anticipates paying debt service on the Series 2018 Bonds solely from Pledged Project Area No. 4 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 2018 Bonds under the terms of the Indenture), the discussion in this Official Statement regarding assessed values and other characteristics of the Component Areas, including the projections of tax increment revenues available to pay debt service on the Series 2018 Bonds, is limited to assessed values and other characteristics of Project Area No. 4 and Pledged Project Area No. 4 Tax Revenues only.

### General

Project Area No. 4 consists of approximately 942 acres located in eleven separate noncontiguous subareas. Over fifty percent of Project Area No. 4 is in two subareas: one in the northern section of the City, just south of Alondra Boulevard, and the other in the western portion of the City around Carson Street. Project Area No. 4 is a mix of land uses with more than fifty percent consisting of residential land uses. Table 1 shows a breakdown of the assessed values for fiscal year 2017-18 within Project Area No. 4.

**TABLE 1**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Fiscal Year 2017-18 Assessed Values**

	<b>FY 2017-18 Assessed Value</b>	<b>FY 2001-02 Base Year Value</b>	<b>Incremental Value</b>
<b>Secured</b>			
Land	\$638,640,230	\$245,457,339	\$393,182,891
Improvements	619,236,398	235,984,163	383,252,235
Personal Property	8,402,379	1,467,557	6,934,822
Subtotal	1,266,279,007	482,909,059	783,369,948
Other Exemptions	(44,276,255)	(18,303,453)	(25,972,802)
<b>Secured Total</b>	<b>1,222,002,752</b>	<b>464,605,606</b>	<b>757,397,146</b>
<b>Unsecured</b>			
Improvements	15,493,202	16,456,725	(963,523)
Personal Property	25,373,068	24,823,541	549,527
Subtotal	40,866,270	41,280,266	(413,996)
Other Exemptions	-	(4,000)	4,000
<b>Unsecured Total</b>	<b>40,866,270</b>	<b>41,276,266</b>	<b>(409,996)</b>
<b>TOTAL VALUE</b>	<b>\$1,262,869,022</b>	<b>\$505,881,872</b>	<b>\$756,987,150</b>

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. 4.

## Land Use

The table below summarizes the current land use in Project Area No. 4 by the number of assessments and by assessed value for fiscal year 2017-18. The assessed values shown have been reduced to reflect non-homeowner exemptions. As shown in the following table, residential property represents the largest single land-use within Project Area No. 4 (approximately 67% in terms of assessed valuation) with industrial property accounting for the second major land use (approximately 14.4% in terms of assessed valuation).

**TABLE 2**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Land Use Category Summary**  
**Fiscal Year 2017-18**

Category	No. of Assessments	Assessed Value	Percentage
Residential	2,550	\$843,590,122	66.8%
Commercial	96	141,741,308	11.2
Industrial	115	189,075,561	15.0
Vacant Land	77	13,667,239	1.1
SBE Non-Unitary	0	--	--
Unsecured	281	40,866,270	3.2
Other <sup>(1)</sup>	383	33,928,522	2.7
<b>Total</b>	<b>3,502</b>	<b>\$1,262,869,022</b>	<b>100.0%</b>

(1) Includes 351 assessments on the cross reference roll, which primarily involve mobile homes.  
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. 4.

## The Redevelopment Plan

**General.** On July 16, 2002, the City Council, approved and adopted the Original Redevelopment Plan, pursuant to Ordinance No. 02-1254. The Original Redevelopment Plan has been amended several times since its adoption, including on October 11, 2010, pursuant to Ordinance No. 10-1459, which approved the Amended and Restated Redevelopment Plan. Pursuant to the Amended and Restated Redevelopment Plan, Project Area No. 1, Project Area No. 4, and the Merged and Amended Project Area were fiscally merged to form the Carson Consolidated Project Area.

**No Plan Limits.** In accordance with the Redevelopment Law, redevelopment plans like the Original Redevelopment Plan were required to include certain limits on the financing of the 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. Section 34189(a) of the Dissolution Act, enacted by SB 107, clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Series 2018 Bonds.

### **Unitary Property**

As the result of the enactment of Assembly Bill 2890 (Chapter 1457, Statutes of 1986) and Assembly Bill 454 (Chapter 921, Statutes of 1987), a portion of the County-wide unitary values assigned to public utilities is allocated to Project Area No. 4. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of tax increment revenues. However, any such impact with respect to utility properties within Project Area No. 4 will be lessened because the impact will be spread on a County-wide basis. The Fiscal Consultant estimates that the Successor Agency will receive approximately \$21,500 in unitary revenue from Project Area No. 4 for fiscal year 2017-18.

For purposes of the projections of Pledged Project Area No. 4 Tax Revenues in the Fiscal Consultant's Report and this Official Statement, the Fiscal Consultant has assumed that the unitary revenue allocated to Project Area No. 4 will be approximately \$21,500 in fiscal year 2017-18 and each fiscal year thereafter. See "APPENDIX D – FISCAL CONSULTANT'S REPORT" and "– Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage." See "PROPERTY TAXATION IN CALIFORNIA – Unitary Revenue" for information regarding taxation of unitary property in the State.

### **Tax Rates**

Tax rates will vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and any over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

As previously indicated, Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. In addition, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. None of the taxes pledged to the debt service on the Series 2018 Bonds are derived from such overrides and therefore, no such overrides will be available to pay the Series 2018 Bonds.

Property tax revenues allocated to the Successor Agency with respect to Project Area No. 4 are computed based on the incremental assessed values for Project Area No. 4 multiplied by a 1.0% tax rate. The projections of Pledged Project Area No. 4 Tax Revenues

prepared by the Fiscal Consultant in this Official Statement 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. 4 on the secured and unsecured roll for the 2017-18 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. The total assessed valuation of the top ten property taxpayers accounted for approximately 15% and 26% of the total and incremental assessed value of Project Area No. 4, respectively. See “BONDOWNERS’ RISKS – Concentration of Ownership.”

**TABLE 3**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Ten Largest Property Taxpayers 2017-18**

	<b>Assessee</b>	<b>Use</b>	<b>Total Assessed Value</b>	<b>% of Total Assessed Value</b>	<b>% of Total Incremental Value</b>
1.	Avalon Carson LLC <sup>(1)</sup>	Residential/Commercial	\$50,075,184	4.0%	6.6%
2.	Teachers Insurance and Annuity Assoc. AHF Ducommun Inc./Ducommun	Industrial	27,947,807	2.2	3.7
3.	Aerostructures, Inc. <sup>(1)(2)</sup>	Industrial	25,812,813	2.0	3.4
4.	NYK Distribution Systems, Inc.	Industrial	22,406,759	1.8	3.0
5.	PCG Sherman Way 2012 LP	Commercial	20,897,760	1.7	2.8
6.	Continental 824 East Carson LLC	Commercial/Industrial	12,348,135	1.0	1.6
7.	642 E Alondra Properties LLC	Industrial	9,970,855	0.8	1.3
8.	Bache Apartments-LA LLC	Residential	8,176,200	0.6	1.1
9.	Goodyear Tire and Rubber Co <sup>(2)</sup>	Unsecured/Other	8,129,208	0.6	1.1
10.	L Wang Family Partners LP <sup>(1)</sup>	Residential	7,578,600	0.6	1.0
<b>Total Major Assesseees</b>			<b>\$193,343,321</b>	<b>15.3%</b>	<b>25.5%</b>

(1) Taxpayers have pending assessment appeals with respect to property within Project Area No. 4 as of the date of this Official Statement. See “– Assessment Appeals.”

(2) The fiscal year 2017-18 assessed value of property owned by these taxpayers includes assessed value of unsecured property.

Source: County Assessor; DHA Consulting, LLC

The Fiscal Consultant reports that five of the ten largest payers of property taxes in Project Area No. 4 had pending assessment appeals as of the date of this Official Statement. See “– Assessment Appeals” for information regarding pending assessment appeals.

## Historic Assessed Valuation Growth

The following table shows assessed values and tax increment revenues for Project Area No. 4 for fiscal years 2013-14 through fiscal year 2017-18. Such table does not include tax increment revenues or assessed values of any of the other Component Areas. See “APPENDIX D – FISCAL CONSULTANT’S REPORT” for a discussion of the trend of taxable

values in Project Area No. 4 and detailed information on historical assessed valuation and tax increment receipts for Project Area No. 4.

**TABLE 4**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Historical Assessed Valuation and Tax Increment Receipts**

<b>Description</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18<sup>(1)</sup></b>
Secured	\$884,944,232	\$950,990,241	\$1,004,545,860	\$1,070,278,855	\$1,222,002,752
Unsecured	53,089,005	46,599,234	48,347,419	42,611,466	40,866,270
Total Value	938,033,237	997,589,475	1,052,893,279	1,112,890,321	1,262,869,022
% Change	3%	6%	6%	6%	13%
Total Value (From Above)	938,033,237	997,589,475	1,052,893,279	1,112,890,321	1,262,869,022
Base Year Valuation	505,881,873	505,881,873	505,881,873	505,881,873	505,881,872
Incremental AV	432,151,364	491,707,602	547,011,406	607,008,448	756,987,150
Estimated Levy <sup>(2)</sup>	4,328,180	4,925,915	5,478,954	6,087,494	7,549,873
<b>Tax Collections <sup>(3)</sup></b>					
January 2nd Payment <sup>(4)</sup>	1,793,273	1,992,425	2,514,466	2,602,069	4,342,460
June 1st Payment <sup>(4)</sup>	3,123,466	3,205,052	3,343,450	4,574,350	N/A
<b>Total Gross Collections</b>	<b>4,916,739</b>	<b>5,197,477</b>	<b>5,857,916</b>	<b>7,176,419</b>	<b>4,342,460</b>
Less: Admin Charge	93,240	95,555	96,207	125,969	117,436
Housing Set-Aside <sup>(5)</sup>	499,135	467,905	534,365	570,956	628,981
Pass Through Payments <sup>(6)</sup>	1,031,482	1,207,225	1,399,094	1,813,695	1,167,784
<b>Actual Tax Revenues Available</b>	<b>\$3,292,882</b>	<b>\$3,426,793</b>	<b>\$3,828,250</b>	<b>\$4,665,799</b>	<b>\$2,428,259</b>
<b>Percentage Gross Collections <sup>(7)</sup></b>	<b>114%</b>	<b>106%</b>	<b>107%</b>	<b>118%</b>	<b>58%</b>

(1) The June 1 distribution for fiscal year 2017-18 is not yet available.

(2) The Estimated Tax Levy represents gross tax increment revenue estimated at the beginning of a fiscal year.

(3) Since the Dissolution Act, effective for fiscal year 2011-12 and thereafter, tax collections are collected by the County and are distributed to the Successor Agency only to the extent needed to pay enforceable obligations. The amounts shown above represent the total taxes collected by the County and not the taxes actually allocated.

(4) 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.

(5) Represents Pro Rata Share of Housing Debt Service with respect to the 2010 Housing Bonds.

(6) Represents statutory pass-through payments required to be made pursuant to AB 1290 with respect to Project Area No. 4. See “– No Tax Sharing Agreements,” “– Statutory Pass-Through Payments,” and “– No Section 33676 Payments.”

(7) Due to the passage of the Dissolution Act, approximately 85 percent of taxes generated in a fiscal year are anticipated to be received within that same fiscal year. The remaining balance (approximately 15 percent) is anticipated to be received the following January.

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



As shown in the table above, from fiscal year 2013-14 to 2017-18, total assessed values within Project Area No. 4 increased by approximately \$325 million or 35%, from approximately \$938 million in fiscal year 2013-14 to approximately \$1.263 billion in fiscal year 2017-18. The growth in assessed values during such period was due primarily to an increase in secured assessed values of approximately \$337 million or 38%, from approximately \$885 million in fiscal year 2013-14 to approximately \$1.2 billion in fiscal year 2017-18. The increase in secured assessed values within Project Area No. 4 during this period was partially offset by a reduction in unsecured assessed values of approximately \$12 million or 23%, from approximately \$53 billion in fiscal year 2013-14 to approximately \$41 million in fiscal year 2017-18.

According to the Fiscal Consultant, the increase in assessed values in Project Area No. 4 experienced in recent fiscal years was due, in part, to the restoration of a portion of the reduced values for the automatic reductions performed by the County Assessor over the last five years. For purposes of the projections of Pledged Project Area No. 4 Tax Revenues in this Official Statement and the Fiscal Consultant's Report, the Fiscal Consultant has assumed that no future reductions in assessed value will be undertaken automatically by the Assessor in the future. See "APPENDIX D – FISCAL CONSULTANT'S REPORT" and "– Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage."

Amounts shown as collected in Table 4 above include all taxes collected by the County for Project Area No. 4; amounts have not been reduced to show the amounts actually distributed to the Successor Agency. Prior to the Dissolution Act, taxes were paid to the Successor Agency in periodic payments throughout the fiscal year.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" for more information regarding historical assessed and incremental values.

## **Assessment Appeals**

**General.** Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "PROPERTY TAXATION IN CALIFORNIA" above.

***Estimates of Appeals.*** The Fiscal Consultant reviewed appeals data received from the County for fiscal years 2004-05 through 2017-18 to determine what, if any, impact pending appeals may have on projected Pledged Project Area No. 4 Tax Revenues. The Fiscal Consultant reports that as of September 30, 2018, pending appeals with respect to assessed values in Project Area No. 4 related to fiscal years 2012-13 through 2016-17, seeking a total reduction in assessed value of approximately \$159.8 million. Certain of the pending assessment appeals were filed by the top ten largest property tax payers in Project Area No. 4. According to the Fiscal Consultant's Report and based on information provided by the County, the Fiscal Consultant estimates that, assuming a 5.8% reduction in assessed value (based on the average of actual reductions of assessed value for fiscal years 2004-5 through 2017-18 of 5.8%), the Successor Agency can expect to experience a reduction in assessed value of Project Area No. 4 of approximately \$9.2 million thereby resulting in a reduction in Pledged Project Area No. 4 Tax Revenues of approximately \$92,000. The projections of Pledged Project Area No. 4 Tax Revenues prepared by the Fiscal Consultant and set forth in this Official Statement take into account reductions in assessed values related to pending appeals based on such estimate. Such outstanding appeals are included in the projections in two ways: tax refunds and assessed value reductions. First, reductions to all outstanding appeals, assuming the average reduction rate of 5.8%, 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.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" and "– Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage."

The following table summarizes the Fiscal Consultant's estimate of the impact of pending assessment appeals on assessed values within Project Area No. 4.

**TABLE 5**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Estimated Appeals Impact Estimate**

Description	AV Changes
Value under Appeal	\$159,795,051
% Reduction <sup>(1)</sup>	5.8%
Total Reduction	(9,231,180)
<b>AV Reductions by Fiscal Year <sup>(2)</sup></b>	
2018-19	\$(3,692,472)
2019-20	(3,323,225)
2020-21	(2,215,483)

(1) Based on actual assessed value reductions, expressed as a percentage of all resolved appeals, since fiscal year 2004-05.

(2) Based on estimated timing for the resolution of appeals; the actual timing could vary significantly from the above estimates.

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 such appeals would be resolved in fiscal years 2018-19 through 2020-21. However, it is possible that appeals will be resolved in a manner that differs substantially with the estimates above. Neither the Successor Agency nor the Underwriters provide any assurance that pending appeals will actually be resolved as estimated above. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

**Estimated Refunds.** The estimated tax refunds, including estimated interest earnings on amounts to be refunded, are assumed to be disbursed to the taxpayer in fiscal years 2017-18 through 2019-20. 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. 4**  
**Estimated Refunds**

Fiscal Year	Refunds
2017-18	\$(41,501)
2018-19	(38,232)
2019-20	(24,989)
<b>Total</b>	<b>\$(104,722)</b>

Source: DHA Consulting, LLC

**Appeals by Major Taxpayers.** The following table shows outstanding appeals by taxpayers within the top 25 of all taxpayers in Project Area No. 4. The number rankings are shown to the left of each assessee's name.

**TABLE 7**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Appeals Information for Select Major Taxpayers**

Rank No. <sup>(1)</sup>	Assessee	Years Outstanding	No. of Assessments	Contested Value <sup>(2)</sup>
1	Avalon Carson LLC	2012-2015	4	\$49,019,764
3	Ducommun Aerostructures Inc	2011-2017	1	10,020,654
6	Continental 824 East Carson LLC	2016-2017	1	12,348,135
7	642 E. Alondra Properties LLC	2015	5	8,899,860
10	L Wang Family Partners LP	2017	2	7,578,600
13	Imperial Estates, Inc.	2015-2017	3	7,141,475
23	Carson Limited	2014	1	3,469,843
<b>Total</b>			<b>17</b>	<b>\$98,478,331</b>

(1) Represents assessee's rank among the top 25 taxpayers within Project Area No. 4.

(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, prior to January 1, 1994, 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 agreements with any taxing agencies with respect to Project Area No. 4 because Project Area No. 4 was formed after January 1, 1994. See "– The Redevelopment Plan" above.

### Statutory Pass-Through Payments

**General.** In certain circumstances, Sections 33607.5 and 33607.7 of the Redevelopment Law require redevelopment agencies and successor agencies to make statutory pass-through payments to taxing agencies whose territory is located within a redevelopment project area, to alleviate the financial burden or detriment caused by the redevelopment project.

Generally speaking, the County Auditor-Controller is required to deduct from the Successor Agency's Redevelopment Property Tax Trust Fund to pay to the affected taxing agencies percentages of tax increment generated in a project area as follows:

Tier 1: throughout the period that the Successor Agency is eligible to receive property tax revenues from a project area, 25% of revenues in excess of revenues generated in such project area from the date the redevelopment plan for such project area was adopted, for post-1994 plans, and from the year in which one of several

specified plan limitations would have been reached, in the absence of an amendment to a redevelopment plan extending or eliminating such limitation, for pre-1994 plans with such amendments, all computed as though housing set-aside is still in effect; plus,

Tier 2: for the 11th year of the receipt of tax increment and thereafter, 21% of revenues in excess of revenues based on assessed values in the project area for the 10th year of statutory pass-through payments; plus,

Tier 3: for the 31st year of the receipt of tax increment and thereafter, 14% of revenues in excess of revenues based on assessed values in the project area for the 30th year of statutory pass-through payments.

***Statutory Pass-Through Obligations in Project Area No. 4.*** On and after January 1, 1994 (the effective date of AB 1290), the former tax increment revenues a redevelopment agency could receive from a new redevelopment project were reduced by certain mandatory statutory pass-through payments paid pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law to affected taxing entities pursuant to the Redevelopment Law. Any amendment of a redevelopment plan after January 1, 1994 that increased the amount of tax increment revenues to be received in a project area or extended any of the time limits in a redevelopment plan also triggered such payments to affected taxing entities. These payments, which were to begin the fiscal year following the adoption of the project area, or in the case of payments triggered by an amendment, in the year after the project area's original plan limitations would have taken effect, are calculated using the increase in revenue over the revenue in the last assessment roll published before the redevelopment plan was adopted, for new plans, or the amount of revenue generated by the project area in the year that the former limit would have been reached, for amendments. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these statutory pass-through payments to the affected taxing entities from the Redevelopment Property Tax Trust Fund on each June 1 and January 2.

Project Area No. 4 was formed after January 1, 1994, the effective date of AB 1290. Accordingly, the Successor Agency is required to make statutory pass-through payments pursuant to Section 33607.7 of the Redevelopment Law with respect Project Area No. 4.

***No Subordination of Statutory Pass-Through Payments.*** Statutory pass-through payments required to be made pursuant to 33607.5 and 33607.7 of the Redevelopment Law are payable on a senior basis to debt service on bonds under the Dissolution Act, unless such payments have been subordinated. The Redevelopment Law, as amended by the Dissolution Act, allows statutory pass-through payments to be subordinated to debt service on the Successor Agency's bonds. However, the Successor Agency did not seek or obtain the consent from any of the applicable taxing entities to subordinate their right to receive such statutory pass-through payments to the payment of debt service on the Series 2018 Bonds. Accordingly, such statutory pass-through payments from Project Area No. 4 are payable on a senior basis to debt service on the Series 2018 Bonds.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" for information about the Successor Agency's obligations to make statutory pass-through payments pursuant to 33607.5 and 33607.7 of the Redevelopment Law and the County's payment practices with regard thereto.

## **No Section 33676 Payments**

**General.** Pursuant to Section 33676(b)(2) of the Redevelopment Law, local education agencies that were basic aid districts or offices at the time the ordinance amending a redevelopment plan, like the Original Redevelopment Plan, was adopted and received no state funding, other than pursuant to Section 6 of Article IX of the State Constitution, pursuant to Section 2558, 42238, or 84751, as appropriate, of the Education Code, are entitled to receive (A) if an agreement exists that requires payments to the basic aid district, the amount required to be paid by an agreement between the agency and the basic aid district entered into prior to January 1, 1994, or (B) if an agreement does not exist, the percentage share of the increase in property taxes from the project area allocated among all of the affected taxing entities during the fiscal year the funds in the project area are allocated, derived from 80 percent of the growth in assessed value that occurs within the portion of the district within the redevelopment project area from the year in which the amendment takes effect pursuant to subdivision (c) of Section 33607.7 of the Redevelopment Law.

**Effect of Section 33676.** Any payments under Section 33676 of the Redevelopment Law reduce the amount of tax increment allocated to the Successor Agency and, therefore, the amount of Pledged Project Area No. 4 Tax Revenues.

**Relevance to Project Area No. 4.** No payments consisting of tax increment revenues from Pledged Project Area No. 4 are being made to taxing entities pursuant to Section 33676 of the Redevelopment Law.

## **Transfers of Ownership (New Development)**

Changes in assessed value due to transfers of ownership occurring after the lien date for fiscal year 2017-18 will affect the taxable values for fiscal year 2018-19. In particular, the Fiscal Consultant reports that after the lien date of January 1, 2017 for fiscal year 2017-18, transfers of ownership occurred within Project Area No. 4 resulting in an estimated increase in assessed values for Project Area No. 4 of approximately \$12 million to be added on the tax rolls for fiscal year 2018-19. Such changes in assessed value are included in the projections of Pledged Project Area No. 4 Tax Revenues set forth in the Fiscal Consultant's Report and this Official Statement.

According to the Successor Agency, several developments were completed after the lien date of January 1, 2017 for fiscal year 2017-18 or are in progress, or are anticipated to begin in the near future, within Project Area No. 4. The Fiscal Consultant has taken into account increases in assessed value with respect to developments that were completed after the lien date of January 1, 2017 for fiscal year 2017-18 or are currently in progress within Project Area No. 4 totaling approximately \$15.1 million in the projections of Pledged Project Area No. 4 Tax Revenues in the Fiscal Consultant's Report and this Official Statement in Table 9. The Fiscal Consultant reports that construction has been completed on all but one of the new development projects (which the Fiscal Consultant projects will add approximately \$2.5 million in assessed value to Project Area No. 4). See "APPENDIX D – Fiscal Consultant's Report" for additional information.

## **Projected Pledged Project Area No. 4 Tax Revenues and Debt Service Coverage**

The Fiscal Consultant prepared projections of Pledged No. 4 Tax Revenues assuming 0% and 2% incremental growth in secured real property assessed values commencing in fiscal

year 2018-19 and each fiscal year thereafter and they are shown in Tables 8 and 9, respectively. Other assumptions made by the Fiscal Consultant in calculating the projected Pledged Project Area No. 4 Tax Revenues in Tables 8 and 9 are described in the Fiscal Consultant's Report. Although the Successor Agency believes that such assumptions are reasonable, there can be no assurance that actual Pledged Project Area No. 4 Tax Revenues will be at least equal to those projected on Tables 8 and 9. To the extent that the projections are not actually realized, the Successor Agency's ability to timely pay principal and interest on the Series 2018 Bonds may be adversely affected. For a discussion of certain matters that will or could cause actual tax increment revenues from Project Area No. 4 in the future to be less than those projected in this Official Statement, see "BONDOWNERS' RISKS." See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

Tables 10 and 11 show projected debt service coverage based on total debt service on the Series 2018 Bonds assuming 0% and 2%, respectively, incremental growth in secured real property assessed values commencing in fiscal year 2018-19 and each fiscal year thereafter.

The projections set forth in Tables 8, 9, 10 and 11 do not include RPTTF Revenues. See "SECURITY FOR THE SERIES 2018 BONDS" for further discussion regarding RPTTF Revenues.

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. 4 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. 4 for fiscal year 2016-17 and prepared estimates of such deposits to and distributions for fiscal years 2017-18 and 2018-19 and they are shown on Table 12. The Fiscal Consultant also prepared estimated deposits and distributions of tax increment revenues of the Consolidated Project Area for fiscal year 2017-18 and they are shown in the Fiscal Consultant's Report. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

**TABLE 8**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Projected Pledged Project Area No. 4 Tax Revenues**  
**(Assuming No Annual Growth)**

Fiscal Year	Gross Tax Revenue	Less: County Admin Charge	Less: Tax Sharing Payments <sup>(2)</sup>	Less: Pro Rata Housing Debt Service <sup>(3)</sup>	Pledged Project Area No. 4 Tax Revenues
2017-18	\$7,549,873	\$132,123	\$2,072,753	\$628,981	\$4,716,016
2018-19 <sup>(1)</sup>	7,494,715	134,765	2,052,455	629,746	4,677,748
2019-20 <sup>(1)</sup>	7,474,725	137,461	2,045,099	629,506	4,662,660
2020-21 <sup>(1)</sup>	7,477,560	140,210	2,046,142	629,222	4,661,986
2021-22	7,477,560	143,014	2,046,142	629,311	4,659,093
2022-23	7,477,560	145,874	2,046,142	628,974	4,656,570
2023-24	7,477,560	148,792	2,046,142	629,599	4,653,027
2024-25	7,477,560	151,768	2,046,142	503,103	4,776,547
2025-26	7,477,560	154,803	2,046,142	503,103	4,773,512
2026-27	7,477,560	157,899	2,046,142	361,787	4,911,732
2027-28	7,477,560	161,057	2,046,142	362,365	4,907,996
2028-29	7,477,560	164,278	2,046,142	361,402	4,905,737
2029-30	7,477,560	167,564	2,046,142	361,835	4,902,019
2030-31	7,477,560	170,915	2,046,142	361,643	4,898,860
2031-32	7,477,560	174,333	2,046,142	362,083	4,895,001
2032-33	7,477,560	177,820	2,046,142	361,766	4,891,832
2033-34	7,477,560	181,376	2,046,142	361,652	4,888,389
2034-35	7,477,560	185,004	2,046,142	361,693	4,884,721
2035-36	7,477,560	188,704	2,046,142	347,403	4,895,311
2036-37	7,477,560	192,478	2,046,142	-	5,238,940
2037-38	7,477,560	196,327	2,046,142	-	5,235,090
2038-39	7,477,560	200,254	2,046,142	-	5,231,164
2039-40	7,477,560	204,259	2,046,142	-	5,227,159
2040-41	7,477,560	208,344	2,046,142	-	5,223,073
2041-42	7,477,560	212,511	2,046,142	-	5,218,907

(1) Projected gross tax revenues from Project Area No. 4 for fiscal years 2018-19, 2019-20 and 2020-21 include (i) projected refunds of previously paid property taxes resulting relating to pending assessment appeals, and (ii) reductions in assessed values totaling approximately \$9.2 million related to pending assessment appeals. See "REDEVELOPMENT PROJECT AREA NO. 4 – Assessment Appeals."

(2) Represents statutory pass-through payments required to be made pursuant to the Redevelopment Law. See "REDEVELOPMENT PROJECT AREA NO. 4 – Statutory Pass-Through Payments."

(3) Represents Pro Rata Share of Housing Debt Service. See "SECURITY FOR THE SERIES 2018 BONDS – Pledge of Former Housing Set-Aside."

Source: DHA Consulting, LLC



**TABLE 9**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Projected Pledged Project Area No. 4 Tax Revenues**  
**(Assuming 2% Annual Growth)**

Fiscal Year	Gross Tax Revenue	Less: County Admin Charge	Less: Tax Sharing Payments <sup>(2)</sup>	Less: Pro Rata Housing Debt Service <sup>(3)</sup>	Pledged Project Area No. 4 Tax Revenues
2017-18	\$7,549,873	\$132,123	\$2,072,753	\$628,981	\$4,716,016
2018-19 <sup>(1)</sup>	7,940,614	134,765	2,216,546	629,746	4,959,556
2019-20 <sup>(1)</sup>	8,250,179	137,461	2,330,466	629,506	5,152,747
2020-21 <sup>(1)</sup>	8,512,026	140,210	2,426,826	629,222	5,315,769
2021-22	8,777,131	143,014	2,524,384	629,311	5,480,422
2022-23	9,047,095	145,874	2,623,731	628,974	5,648,516
2023-24	9,322,458	148,792	2,725,065	629,599	5,819,003
2024-25	9,603,329	151,768	2,828,425	503,103	6,120,033
2025-26	9,889,817	154,803	2,933,853	503,103	6,298,058
2026-27	10,182,034	157,899	3,041,389	361,787	6,620,960
2027-28	10,480,096	161,057	3,151,075	362,365	6,805,599
2028-29	10,784,120	164,278	3,262,956	361,402	6,995,483
2029-30	11,094,223	167,564	3,377,074	361,835	7,187,750
2030-31	11,410,529	170,915	3,493,475	361,643	7,384,497
2031-32	11,733,161	174,333	3,612,203	362,083	7,584,541
2032-33	12,062,245	177,820	3,733,306	361,766	7,789,354
2033-34	12,397,912	181,376	3,894,762	361,652	7,960,121
2034-35	12,740,291	185,004	4,059,446	361,693	8,134,148
2035-36	13,089,518	188,704	4,227,425	347,403	8,325,987
2036-37	13,445,730	192,478	4,398,762	-	8,854,490
2037-38	13,809,066	196,327	4,573,527	-	9,039,211
2038-39	14,179,668	200,254	4,751,787	-	9,227,628
2039-40	14,557,683	204,259	4,933,612	-	9,419,812
2040-41	14,943,258	208,344	5,119,073	-	9,615,840
2041-42	15,336,544	212,511	5,308,244	-	9,815,789

(1) Projected gross tax revenues from Project Area No. 4 for fiscal years 2018-19, 2019-20 and 2020-21 include (i) projected refunds of previously paid property taxes resulting relating to pending assessment appeals, (ii) reductions in assessed values totaling approximately \$9.2 million related to pending assessment appeals, and (iii) property transfers and developments that with construction that is in progress or completed, within Project Area No. 4. See "REDEVELOPMENT PROJECT AREA NO. 4 – Assessment Appeals" and "– Transfers of Ownership (New Development)."

(2) Represents statutory pass-through payments required to be made pursuant to the Redevelopment Law. See "REDEVELOPMENT PROJECT AREA NO. 4 – Statutory Pass-Through Payments."

(3) Represents Pro Rata Share of Housing Debt Service. See "SECURITY FOR THE SERIES 2018 BONDS – Pledge of Former Housing Set-Aside."

Source: DHA Consulting, LLC

**TABLE 10**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Estimated Debt Service Coverage**  
**(Assuming No Annual Growth)**

Fiscal Year	Pledged Project Area No. 4 Tax Revenues	Debt Service on Series 2018 Bonds <sup>*(1)</sup>	Total Debt Service*	Total Debt Service Coverage*
2017-18	\$4,716,016			
2018-19	4,677,748			
2019-20	4,662,660			
2020-21	4,661,986			
2021-22	4,659,093			
2022-23	4,656,570			
2023-24	4,653,027			
2024-25	4,776,547			
2025-26	4,773,512			
2026-27	4,911,732			
2027-28	4,907,996			
2028-29	4,905,737			
2029-30	4,902,019			
2030-31	4,898,860			
2031-32	4,895,001			
2032-33	4,891,832			
2033-34	4,888,389			
2034-35	4,884,721			
2035-36	4,895,311			
2036-37	5,238,940			
2037-38	5,235,090			
2038-39	5,231,164			
2039-40	5,227,159			
2040-41	5,223,073			
2041-42	5,218,907			

(1) Represents Bond Year debt service. See "SECURITY FOR THE SERIES 2018 BONDS – Recognized Obligation Payment Schedules" for a description of the Successor Agency's covenant to file Recognized Obligation Payment Schedules for information regarding the timing of anticipated distributions of Pledged Project Area No. 4 Tax Revenues to the Successor Agency.

\* Preliminary; subject to change.

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

**TABLE 11**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Estimated Debt Service Coverage**  
**(Assuming 2% Annual Growth)**

Fiscal Year	Pledged Project Area No. 4 Tax Revenues	Debt Service on Series 2018 Bonds <sup>*(1)</sup>	Total Debt Service*	Total Debt Service Coverage*
2017-18	\$4,716,016			
2018-19	4,959,556			
2019-20	5,152,747			
2020-21	5,315,769			
2021-22	5,480,422			
2022-23	5,648,516			
2023-24	5,819,003			
2024-25	6,120,033			
2025-26	6,298,058			
2026-27	6,620,960			
2027-28	6,805,599			
2028-29	6,995,483			
2029-30	7,187,750			
2030-31	7,384,497			
2031-32	7,584,541			
2032-33	7,789,354			
2033-34	7,960,121			
2034-35	8,134,148			
2035-36	8,325,987			
2036-37	8,854,490			
2037-38	9,039,211			
2038-39	9,227,628			
2039-40	9,419,812			
2040-41	9,615,840			
2041-42	9,815,789			

(1) Represents Bond Year debt service. See "SECURITY FOR THE SERIES 2018 BONDS – Recognized Obligation Payment Schedules" for a description of the Successor Agency's covenant to file Recognized Obligation Payment Schedules for information regarding the timing of anticipated distributions of Pledged Project Area No. 4 Tax Revenues to the Successor Agency.

\* Preliminary; subject to change.

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

**TABLE 12**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 4**  
**Semi-Annual Revenues and Debt Service Funding**

<b>ROPS:</b>	<b>2016-17B</b>	<b>2017-18A</b>	<b>Total</b>	<b>2017-18B</b>	<b>2018-19A</b>	<b>Total</b>	<b>2018-19B</b>	<b>2019-20A</b>	<b>Total</b>
<b>Payment Date:</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>1/2/19</b>	<b>6/1/19</b>	<b>2018-19</b>
<b>Estimated RPTTF Distribution</b>	\$2,602,069	\$4,574,350	\$7,176,419	\$4,342,460	\$3,207,413	\$7,549,873	\$3,652,682	\$4,287,932	\$7,940,614
<b>Estimated Deductions</b>									
Property Tax Administration Fees	96,979	28,990	125,969	117,436	14,687	132,123	107,812	26,953	134,765
Pass-through Payment Obligations	719,766	1,093,928	1,813,695	1,167,784	904,969	2,072,753	1,019,611	1,196,935	2,216,546
Pro Rata Share of Housing Debt Service <sup>(1)</sup>	520,414	50,542	570,956	628,981	--	628,981	629,746	--	629,746
<b>Total Deductions</b>	1,337,159	1,173,461	2,510,620	1,914,201	919,656	2,833,857	1,757,169	1,223,888	2,981,057
<b>Available for Debt Service</b>	1,264,910	3,400,889	4,665,799	2,428,259	2,287,756	4,716,016	1,895,513	3,064,044	4,959,556
<b>Bond Debt Service Funding on ROPS<sup>(2)</sup></b>									
2006 Bonds	1,546,598	--	1,546,598	1,551,798	--	1,551,798	--	--	--
Series 2018 Bonds*	--	--	--	--	--	--	1,400,000	--	--
<b>Total Senior Debt Service</b>	1,546,598	--	1,546,598	1,551,798	--	1,551,798	1,400,000	--	--
<b>Remaining Revenue</b>	(281,688)	3,400,889	3,119,201	876,461	2,287,756	3,164,218	495,513	3,064,044	4,959,556
<b>Total Bond Debt Service</b>	1,546,598	--	1,546,598	1,551,798	--	1,551,798	1,400,000	--	--
<b>Amounts Available for Other Obligations<sup>(3)</sup></b>	(281,688)	3,400,889	3,119,201	876,461	2,287,756	3,164,218	495,513	3,064,044	4,959,556

(1) Represents pro rata share of debt service on the 2010 Housing Bonds payable with tax increment revenues from Project Area No. 4. See "-- Pledged Project Area No. 4 Tax Revenues and RPTTF Revenues -- Pledged Project Area No. 4 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) Represents amounts available for payment of administrative costs and other enforceable obligations of the Successor Agency. Debt service in excess of Resources Available were or will be 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 2018 Bonds involves elements of risk. The following section describes certain specific BONDOWNER' RISKS affecting the payment and security of the Series 2018 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2018 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 2018 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 the DOF and the County Auditor-Controller unless, at the option of the Successor Agency and subject to the 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 annual period, 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. 4 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 2018 Bonds and to pay other enforceable obligations. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule, the availability of Pledged Project Area No. 4 Tax Revenues and/or RPTTF Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE SERIES 2018 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, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act provides that the county auditor-controller shall distribute withheld funds to a successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the DOF. In connection with the issuance of the 2017 Bonds, the Successor Agency covenanted not submit a final amendment permitted to a Last and Final Recognized Obligation Payment Schedule

without the prior consent of the Assured Guaranty Municipal Corp., as issuer of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on certain 2017 Bonds and a municipal debt service reserve policy for the 2017 Bonds, unless all amounts that could become due to Assured Guaranty Municipal Corp. are included as a line item on the Last and Final Recognized Obligation Payment Schedule. The Successor Agency currently does not have any plans to file a Last and Final Recognized Obligation Payment Schedule. See “SECURITY FOR THE SERIES 2018 BONDS – Recognized Obligation Payment Schedules – Relevant Covenant by the Successor Agency.”

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 board 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 deadline, 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% for the subsequent annual period if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline.

### **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 2018 Bonds.

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

The Series 2018 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 2018 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 2018 Bonds are liable personally for the Series 2018 Bonds. The Successor Agency has no taxing power. The Series 2018 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

The Series 2018 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 2018 BONDS" herein. No Owner of the Series 2018 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 2018 Bonds.

### **Reduction in Taxable Value**

Pledged Project Area No. 4 Tax Revenues available to pay principal of and interest on the Series 2018 Bonds are determined by the amount of incremental taxable value in Project Area No. 4 and the current rate or rates at which property in Project Area No. 4 is taxed. The reduction of taxable values of property in Project Area No. 4 caused by economic factors beyond the Successor Agency's control, such as relocation out of Project Area No. 4 by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Project Area No. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds. Such reduction of Pledged Project Area No. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Series 2018 Bonds. These risks and risks of delinquent payments may generally be exacerbated by the relatively high concentration of ownership in Project Area No. 4. See "– Concentration of Ownership" below.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A 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 inflation 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, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2018 Bonds could reduce Pledged Project Area No. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Project Area No. 4 Tax Revenues on deposit in the Redevelopment Property Tax

Trust Fund, the State electorate or State Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Project Area No. 4 Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce the Pledged Project Area No. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds and adversely affect the source of repayment and security of the Series 2018 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. 4 Tax Revenues. See "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution."

### **Unsecured Property**

Approximately 3% of the net assessed property value in Project Area No. 4 for fiscal year 2017-18 is derived from unsecured property. Such property is a transitory component of total assessed value and may be removed from Project Area No. 4 at any point in time, and accordingly, must be viewed as a volatile component of assessed value in Project Area No. 4. 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. 4, 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. 4, however, could have a significant adverse impact on Pledged Project Area No. 4 Tax Revenues.

### **Concentration of Ownership**

Based on fiscal year 2017-18 locally assessed taxable valuations, the top ten property tax payers in Project Area No. 4 represent approximately 15% of the total fiscal year 2017-18 taxable assessed value and 26% of the fiscal year 2017-18 incremental assessed value within Project Area No. 4. Some of these property owners have pending assessed value appeals with respect to their property in Project Area No. 4. Bankruptcy, default in payment of property



taxes, termination of operations or departure from Project Area No. 4 by one or more of the largest property owners from Project Area No. 4 could adversely impact the availability of Pledged Project Area No. 4 Tax Revenues to pay debt service on the Series 2018 Bonds. See “REDEVELOPMENT PROJECT AREA NO. 4 – Major Taxpayers” and “– Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage.”

### **Levy and Collection**

The Successor Agency has no independent power to levy or 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. 4 Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Series 2018 Bonds.

Delinquencies in the payment of property taxes by the owners of land in Project Area No. 4, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes as described below, could have an adverse effect on the Successor Agency’s ability to make timely payments on the Series 2018 Bonds.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Pledged Project Area No. 4 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 2018 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 2018 Bonds.

### **Natural Hazards**

The value of the property in Project Area No. 4 in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in Project Area No. 4 could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay their property taxes.

**Seismic.** 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. 4. As a result, the value of taxable land in Project Area No. 4 could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Pledged Project Area No. 4 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.

**Flood.** Project Area No. 4 is subject to very minimal flood risk. The sites in Project Area No. 4 are located in a low risk flood zone. There are no properties in Project Area No. 4 that are within a 100-year flood plain.

### **Property Tax Appeals**

There have been 390 assessment appeals filed by landowners within Project Area No. 4 for the period commencing with fiscal year 2004-05 and continuing to fiscal year 2016-17 (inclusive). Of the 390 appeals filed, 345 have been resolved, some with a reduction in value. There are 45 appeals from this period that are currently pending. Estimated reductions in assessed values and estimated tax refunds have been taken into consideration in projecting future Pledged Project Area No. 4 Tax Revenues in this Official Statement and the Fiscal Consultant’s Report. See “APPENDIX D – FISCAL CONSULTANT’S REPORT” and “– Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage.”

Any reduction of assessed valuations could result in a reduction of the Pledged Project Area No. 4 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 2018 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. 4. 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. 4 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. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds.

### **Enforceability of Remedies**

The remedies available to the Trustee and the registered owners of the Series 2018 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 2018 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Series 2018 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 2018 Bonds and/or the financial condition of the Successor Agency.

## **Assumptions and Projections**

Any reduction in Pledged Project Area No. 4 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 2018 Bonds, which are secured by such Pledged Project Area No. 4 Tax Revenues. To estimate the total Pledged Project Area No. 4 Tax Revenues available to pay debt service on the Series 2018 Bonds, the Fiscal Consultant has made certain assumptions with regard to the assessed valuation in Project Area No. 4, future tax rates, and 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. 4 Tax Revenues. The Successor Agency believes these assumptions to be reasonable, but to the extent that actual assessed valuations, the tax rates, and the percentage of taxes collected are less than those projected in the Fiscal Consultant’s Report and this Official Statement, the total Pledged Project Area No. 4 Tax Revenues available will, in all likelihood, be less than those projected herein. See “REDEVELOPMENT PROJECT AREA NO. 4 – Projected Pledged Project Area No. 4 Tax Revenues and Estimated Debt Service Coverage” herein.

## **Loss of Tax-Exemption**

As discussed under the caption “TAX MATTERS,” interest on the Series 2018 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2018 Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, clarification of the Code (as hereinafter defined) or court decisions may cause interest on the Series 2018 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current

benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2018 Bonds. Should such an event of taxability occur, the Series 2018 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

### **Internal Revenue Service Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service (the “**IRS**”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2018 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2018 Bonds might be affected as a result of such an audit of the Series 2018 Bonds (or by an audit of similar municipal obligations).

### **Secondary Market**

There can be no assurance that there will be a secondary market for the Series 2018 Bonds, or if a secondary market exists, that such Series 2018 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.

## CONCLUDING INFORMATION

### Tax Matters

**General.** In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Series 2018 Bonds is excludable from gross income for federal income tax purposes and is exempt from State personal income taxes. A copy of the proposed opinion of Bond Counsel is set forth in APPENDIX E.

The Internal Revenue Code of 1986 (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2018 Bonds. The Successor Agency has covenanted to comply with certain restrictions designed to assure that interest on the Series 2018 Bonds will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Series 2018 Bonds being includable in federal gross income, possibly from the date of issuance of the Series 2018 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2018 Bonds may affect the value of, or the tax status of interest on the Series 2018 Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series 2018 Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Bond Counsel is further of the opinion that interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that interest on the Series 2018 Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for tax years beginning prior to January 1, 2018.

Prospective purchasers of the Series 2018 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by the applicable percentage of the sum of certain items, including interest with respect to the Series 2018 Bonds, (ii) interest with respect to the Series 2018 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Series 2018 Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2018 Bonds. This list is not meant to be an exhaustive list of tax treatment that may apply to the Series 2018 Bonds and Owners should contact their own tax advisors regarding whether the accrual or receipt of interest on the Series 2018 Bonds may otherwise affect an Owner’s State, local, or federal tax liability.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2018 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State

personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2018 Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Series 2018 Bond (other than a purchaser who holds such Series 2018 Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Series 2018 Bond constitutes "original issue premium" for purposes of federal income taxes and State personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as the interest on the Series 2018 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Series 2018 Bond and the basis of such Series 2018 Bond acquired at such initial offering price by an initial purchaser of each such Series 2018 Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of such Series 2018 Bonds who purchase such Series 2018 Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Series 2018 Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Series 2018 Bonds. All holders of such Series 2018 Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Series 2018 Bond based on the purchaser's yield to maturity in such Bond, except that in the case of such a Series 2018 Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such a Series 2018 Bond is required to decrease his or her adjusted basis in such Series 2018 Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Series 2018 Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Bond, and with respect to the state and local tax consequences of owning and disposing of such a Bond.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Series 2018 Bonds is excludable from federal gross income, and is exempt from State personal income taxes, the ownership or disposition of the Series 2018 Bonds, and the accrual or receipt of interest on the Series 2018 Bonds may otherwise affect an Owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion

regarding any such other tax consequences. Bond Counsel's opinion is rendered as of its date and it assumes no obligation to update its opinion.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Series 2018 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Series 2018 Bonds will not have an adverse effect on the tax exempt status or market price of the Series 2018 Bonds.

***Internal Revenue Service Audit of Tax-Exempt Issues.*** The Internal Revenue Service ("IRS") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Series 2018 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2018 Bonds might be affected as a result of such an audit of the Series 2018 Bonds (or by an audit of similar obligations).

***Information Reporting and Backup Withholding.*** Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007 on tax-exempt obligations, including the Series 2018 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2018 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2018 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **Rating**

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 Series 2018 Bonds based on its assessment of the Successor Agency's ability to make payments with respect to the Series 2018 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such ratings may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating 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 rating may have an adverse effect on the market price of the Series 2018 Bonds.

## Underwriting

The Series 2018 Bonds are being purchased by the Underwriters. The Underwriters have agreed to purchase the Series 2018 Bonds at a price of \$\_\_\_\_\_ (being the principal amount of the Series 2018 Bonds plus/less [net] original issue premium/discount of \$\_\_\_\_\_ and less an Underwriters' discount of \$\_\_\_\_\_). The Underwriters will purchase all of the Series 2018 Bonds if any are purchased.

The Underwriters may offer and sell Series 2018 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

The Underwriters are not banks, and the Series 2018 Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

Piper Jaffray & Co, an Underwriter, 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 2018 Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Series 2018 Bonds that CS&Co. sells.

FTN Financial Capital Markets, an Underwriter, 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 2018 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 action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Series 2018 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing or seeking to restrain or enjoin the repayment of the Series 2018 Bonds or which, in any manner, questions the right of the Successor Agency to use the Pledged Project Area No. 4 Tax Revenues or RPTTF Revenues for repayment of the Series 2018 Bonds or affects in any manner the right or ability of the Successor Agency to collect or pledge such revenues. See, however, "BONDOWNERS' RISKS – Challenges to Dissolution Act."

## 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 2018 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, 2019 (the "**Annual Information**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Successor Agency with the Municipal Securities Rulemaking Board through the Electronic Municipal Access



System (“**EMMA**”). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption “APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The City and its related entities, including the Successor 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 City and its related 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 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.

d) On at least one occasion, the Successor Agency failed to properly associate certain CUSIPs to the Successor Agency's financial statements that were otherwise filed on EMMA on a timely basis.

The City and its related entities have made all required remedial filings to address the failures described above. 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 2018 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 2018 Bonds.

## **Legal Matters**

The final approving opinion of Aleshire & Wynder, LLP, Irvine, California, Bond Counsel, will be furnished to the purchasers at the time of delivery of the Series 2018 Bonds. A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Series 2018 Bonds is set forth in “APPENDIX E – FORM OF BOND COUNSEL OPINION.” In addition, 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 by the City Attorney of the City, Aleshire & Wynder LLP, Irvine, California, as general counsel to the Successor

Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

*The fees and expenses of Disclosure Counsel, the Underwriters, and Underwriters' Counsel are contingent upon the sale and delivery of the Series 2018 Bonds.*

**Miscellaneous**

All of the preceding summaries of the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan, 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:\_\_\_\_\_

Executi

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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 2018 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 93,674 in 2017. 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, the 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 2013 through 2017**

<u>Calendar</u> <u>Year</u>	<u>City of</u> <u>Carson</u>	<u>Los Angeles</u> <u>County</u>	<u>State of</u> <u>California</u>
2013	92,817	10,021,318	38,239,207
2014	93,116	10,089,847	28,567,459
2015	93,430	10,150,617	38,907,642
2016	93,455	10,182,961	39,255,883
2017	93,674	10,241,278	39,523,613

*Source: State Department of Finance estimates.*

## 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 declined over the month to 4.5 percent in November 2017 from a revised 4.7 percent in October 2017 and was below the rate of 5.1 percent one year ago. Civilian employment increased by 13,000 to 4,944,000 in November 2017, while unemployment declined by 12,000 to 234,000 over the month. The civilian labor force increased by 1,000 over the month at 5,178,000 in November 2017. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.1 percent in November 2017.

Set forth below is data from calendar years 2012 to 2016 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 2017 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 2016 Benchmark)**

	2012	2013	2014	2015	2016
Civilian Labor Force	4,915,300	4,967,000	5,006,800	5,000,600	5,043,300
Employment	4,378,400	4,482,100	4,593,900	4,668,200	4,778,800
Unemployment	536,900	485,000	412,900	332,400	264,500
Unemployment Rate	10.9%	9.8%	8.2%	6.6%	5.2%
<u>Wage and Salary Employment:</u> <sup>(1)</sup>					
Agriculture	5,400	5,500	5,200	5,000	5,300
Mining, Logging and Construction	111,900	119,100	122,700	130,000	136,700
Manufacturing	373,300	374,400	370,000	366,800	360,400
Wholesale Trade	211,900	218,700	222,500	225,700	227,000
Retail Trade	400,900	405,600	413,000	419,200	422,300
Transportation, Warehousing and Utilities	154,500	157,500	163,400	171,500	180,600
Information	192,100	197,000	198,800	207,500	230,900
Finance and Insurance	140,200	138,300	134,500	135,600	138,100
Real Estate and Rental and Leasing	72,200	74,700	76,700	80,000	81,700
Professional and Business Services	564,100	586,900	593,300	595,500	605,200
Educational and Health Services	699,500	702,100	720,700	741,100	767,400
Leisure and Hospitality	415,800	440,500	466,600	489,100	510,500
Other Services	141,700	145,700	150,500	151,000	153,400
Federal Government	48,100	47,200	46,700	47,400	47,800
State Government	83,100	83,600	85,300	87,400	89,900
Local Government	425,600	420,500	424,200	433,700	438,600
Total, All Industries <sup>(2)</sup>	4,040,300	4,117,300	4,194,100	4,286,500	4,395,800

(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	1,110
Select Staffing	472
Lakeshore Learning	446
Cedarlane Natural Foods Inc.	428
See's Candy Shops Inc.	427
Huck International Inc.	396
Prime Wheel Corporation	369
Mag Aerospace Industries	366
The Pepsi Bottling Group	290
Defense Contract Management Agency	278
Total	4,582
Total City Employment <sup>(2)</sup>	38,270

(1) City of Carson.

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

Source: City of Carson, Comprehensive Annual Financial Report for fiscal year ending June 30, 2016.



## Major Employers

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

### LOS ANGELES COUNTY Major Employers - As of January 2018

Employer Name	Location	Industry
Ahmc Healthcare Inc	Alhambra	Health Care Management
American Honda Motor Co Inc	Torrance	Automobile-Manufacturers
Cedar-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Edd	Los Angeles	State Government-General Offices
Jet Propulsion Laboratory	Pasadena	Research Service
Kaiser Permanente Los Angeles	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 Intl Airport-Lax	Los Angeles	Airports
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA Inc	Glendale	Food Facilities (Whls)
Paramount Petroleum Corp	Paramount	Asphalt & Asphalt Products-Manufacturers
Paramount Pictures Studio	Los Angeles	Motion Picture Producers & Studios
Security Industry Specialist	Culver City	Security Systems Consultants
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
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Southern Califor	Los Angeles	Schools-Universities & Colleges Academic
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, 2018 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 2012 through 2016. Annual figures for calendar year 2017 are not yet available.

**CITY OF CARSON, LOS ANGELES COUNTY,  
THE STATE OF CALIFORNIA AND THE UNITED STATES  
EFFECTIVE BUYING INCOME  
2012 through 2016**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
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
2016	City of Carson	\$1,908,384	\$61,993
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

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 2016 and 2017 are not yet available.

Total taxable sales during the first three quarters of calendar year 2016 in the City were reported to be \$1,548,307,000, a 0.68% increase over the total taxable sales of \$1,537,889,000 reported during the first three quarters of calendar year 2015.

**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>
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
2015 <sup>(1)</sup>	1,400	1,401,134	2,549	2,042,860

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State of California, Board of Equalization.

Total taxable sales during the first three quarters of calendar year 2016 in the County were reported to be \$113,667,693,000, a 1.87% increase over the total taxable sales of \$111,584,953,000 reported during the first three quarters of calendar year 2015.

**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>
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
2015 <sup>(1)</sup>	112,657	197,147,021	310,063	151,033,781

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

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 2012 through 2016. Annual figures for calendar year 2017 are not yet available.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Permit Valuation</u>					
New Single-family	\$5,671.5	\$960.3	\$11,857.5	\$12,402.3	\$4,084.9
New Multi-family	0.0	6,800.0	0.0	920.0	2,700.7
Res. Alterations/Additions	<u>9,034.7</u>	<u>6,673.2</u>	<u>8,200.1</u>	<u>7,895.8</u>	<u>7,816.9</u>
Total Residential	14,706.2	14,433.4	20,057.6	21,218.1	14,602.5
New Commercial	14,879.9	11,923.7	12,260.0	2,134.9	13,214.2
New Industrial	0.0	0.0	146.5	6,507.7	300.0
New Other	4,600.0	0.0	16,851.6	5,407.1	9,568.7
Com. Alterations/Additions	<u>63,435.0</u>	<u>22,331.9</u>	<u>38,173.3</u>	<u>21,558.5</u>	<u>11,530.8</u>
Total Nonresidential	82,914.9	34,255.5	67,431.4	35,608.2	34,613.7
<u>New Dwelling Units</u>					
Single Family	27	4	28	29	17
Multiple Family	<u>0</u>	<u>40</u>	<u>0</u>	<u>10</u>	<u>80</u>
TOTAL	27	44	28	39	97

Source: Construction Industry Research Board, Building Permit Summary.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Permit Valuation</u>					
New Single-family	\$1,127,916.8	\$1,523,457.5	\$1,744,290.3	\$1,897,829.7	\$2,162,018.2
New Multi-family	1,484,648.9	1,953,088.6	2,290,197.4	2,843,749.1	2,774,294.3
Res. Alterations/Additions	<u>1,208,758.1</u>	<u>1,267,408.4</u>	<u>1,474,930.2</u>	<u>1,641,457.3</u>	<u>1,639,295.0</u>
Total Residential	3,821,323.8	4,743,954.5	5,509,417.9	6,383,036.1	6,757,607.5
New Commercial	1,364,188.7	1,788,462.0	1,041,249.7	1,695,869.8	1,728,443.3
New Industrial	202,882.5	155,035.2	120,740.5	85,937.1	138,508.5
New Other	107,608.9	338,223.4	2,229,307.8	1,157,838.0	791,078.1
Com. Alterations/Additions	<u>2,199,249.7</u>	<u>2,171,248.4</u>	<u>3,266,273.2</u>	<u>2,705,727.4</u>	<u>2,880,916.6</u>
Total Nonresidential	3,873,929.8	4,452,969.0	6,657,571.2	5,645,372.3	5,538,946.5
<u>New Dwelling Units</u>					
Single Family	2,820	3,607	4,358	4,487	4,780
Multiple Family	<u>8,895</u>	<u>13,243</u>	<u>14,349</u>	<u>18,405</u>	<u>15,589</u>
TOTAL	11,715	16,850	18,707	22,892	20,369

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 2018**  
**(PROJECT AREA NO. 4)**

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, 2018 (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., Cabrera Capital Markets, LLC, FTN Financial Capital Markets, Ramirez & Co., Inc., 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, 2019, with the report for the 2017-18 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 3 of the Official Statement; and

(ii) An update for the preceding fiscal year only, of the financial information in Table 9 of the Official Statement using the actual "Pledged Project Area No. 4 Tax Revenues" amount, calculated for such prior fiscal year in the same manner as the last column of Table 9 of the Official Statement.

(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) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), 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 affected its duties or obligations and further provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

If an amendment is made to this Disclosure 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: \_\_\_\_\_, 2018

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 2018 (Project Area No. 4)

Date of Issuance: \_\_\_\_\_, 2018

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 \_\_\_\_\_, 2018, 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 2018 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2018 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2018 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 2018 Bonds. The Series 2018 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 2018 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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015B Bond documents. For example, Beneficial Owners of Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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.