



Legislation Details (With Text)

File #: 2019-349 **Version:** 1 **Name:**
Type: Special Order **Status:** Agenda Ready
File created: 3/27/2019 **In control:** City Council
On agenda: 4/2/2019 **Final action:**

Title: (1) A PUBLIC HEARING TO CONSIDER THE PUBLIC BENEFITS OF THE PROPOSED FINANCING OF THE RECONSTRUCTION OF CERTAIN LOCAL STREETS AND IMPROVEMENTS OF BENEFIT TO REASSESSMENT DISTRICT 2001-1 FROM PROCEEDS OF THE CARSON PUBLIC FINANCING AUTHORITY ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019 (DOMINQUEZ TECHNOLOGY CENTER WEST); (2) ADOPT RESOLUTION NO. 19-069 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DECLARING ITS INTENTION TO REFUND THE OUTSTANDING BONDS OF REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST), TO LEVY REASSESSMENTS AS SECURITY FOR THE REFUNDING BONDS, AND TO CONTINUE THE LIEN OF THE REASSESSMENTS LEVIED FOR THE OUTSTANDING BONDS ON CERTAIN PARCELS OF PROPERTY IN THE REASSESSMENT DISTRICT; (3) ADOPT RESOLUTION NO. 19-070 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS, APPROVING A REPORT OF THE REASSESSMENT ENGINEER AND CONFIRMING THE REASSESSMENT, AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS FOR REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST), APPROVING A FISCAL AGENT AGREEMENT AND AN ESCROW DEPOSIT AND TRUST AGREEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH; (4) ADOPT RESOLUTION NO. 19-071 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE ISSUANCE OF THE CARSON PUBLIC FINANCING AUTHORITY REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; AND, (5) RESOLUTION NO. 19-02 CPFA OF THE COMMISSION OF THE CARSON PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, PURSUANT TO AN INDENTURE OF TRUST, AUTHORIZING THE SALE OF SUCH BONDS UPON CERTAIN TERMS AND CONDITIONS, APPROVING AN OFFICIAL STATEMENT; APPROVING THE EXECUTION OF AN ESCROW DEPOSIT AND TRUST AGREEMENT, A COMMITMENT AGREEMENT AND BOND PURCHASE AGREEMENT; AND TAKING OTHER ACTIONS RELATED THERETO (CITY COUNCIL AND PUBLIC FINANCING AUTHORITY)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Carson 2001-1 Reassessment Report NEW.pdf, 2. Bond Purchase Agreement - Carson PFA Reassessment Revenue Refunding Bond, 3. Commitment Agreement and Purchase Contract, 4. Fiscal Agent Agreement - Carson-Dominguez, 5. Carson PFA Bonds Dominguez Escrow Agreement, 6. Indenture of Trust, 7. Resolution No.19-069 .Declaring intention to Refund , Report, Reassess., 8. Resolution No. 19-070 Approving Report., 9. Resolution No. 19-071 3 Public Benefits City., 10. Preliminary Official Statement.J16008, 11. Resolution No. 19-02 CPFA. approving issuance of reassessment revenue refunding

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Report to Mayor and City Council
 Tuesday, April 02, 2019

SUBJECT:

(1) A PUBLIC HEARING TO CONSIDER THE PUBLIC BENEFITS OF THE PROPOSED FINANCING OF THE RECONSTRUCTION OF CERTAIN LOCAL STREETS AND IMPROVEMENTS OF BENEFIT TO REASSESSMENT DISTRICT 2001-1 FROM PROCEEDS OF THE CARSON PUBLIC FINANCING AUTHORITY ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019 (DOMINQUEZ TECHNOLOGY CENTER WEST); (2) ADOPT RESOLUTION NO. 19-069 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DECLARING ITS INTENTION TO REFUND THE OUTSTANDING BONDS OF REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST), TO LEVY REASSESSMENTS AS SECURITY FOR THE REFUNDING BONDS, AND TO CONTINUE THE LIEN OF THE REASSESSMENTS LEVIED FOR THE OUTSTANDING BONDS ON CERTAIN PARCELS OF PROPERTY IN THE REASSESSMENT DISTRICT; (3) ADOPT RESOLUTION NO. 19-070 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS, APPROVING A REPORT OF THE REASSESSMENT ENGINEER AND CONFIRMING THE REASSESSMENT, AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS FOR REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST), APPROVING A FISCAL AGENT AGREEMENT AND AN ESCROW DEPOSIT AND TRUST AGREEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH; (4) ADOPT RESOLUTION NO. 19-071 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE ISSUANCE OF THE CARSON PUBLIC FINANCING AUTHORITY REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; AND, (5) RESOLUTION NO. 19-02 CPFA OF THE COMMISSION OF THE CARSON PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, PURSUANT TO AN INDENTURE OF TRUST, AUTHORIZING THE SALE OF SUCH BONDS UPON CERTAIN TERMS AND CONDITIONS, APPROVING AN OFFICIAL STATEMENT; APPROVING THE EXECUTION OF AN ESCROW DEPOSIT AND TRUST AGREEMENT, A COMMITMENT AGREEMENT AND BOND PURCHASE AGREEMENT; AND TAKING OTHER ACTIONS RELATED THERETO (CITY COUNCIL AND PUBLIC FINANCING AUTHORITY)

I. SUMMARY

On September 4, 2018, the City Council directed staff to solicit proposals for financial advisor, underwriter and disclosure counsel to provide services in connection with an anticipated bond issue to refinance the City's outstanding Series 2006 Reassessment and Authority Series A and B Bonds.

On February 5, 2019, the City Council awarded contracts for those services to Columbia Capital Management (municipal advisor), Stifel Nicholas (underwriters) and Quint and Thimmig (disclosure counsel). Aleshire & Wynder acts as the City's bond counsel for these bonds. Staff directed the consultants to prepare the documents necessary for the

approval of the refunding bonds to reduce interest cost and realize approximately \$2 million in savings. As a result of the expected savings, it was determined that approximately \$2 million in new bonds can be sold without increasing current bond debt service. The \$2 million in expected savings will be used by the City to make street improvements that benefit the assessment district. The property owners, Carson Dominquez Properties and Watson Partners are in full support of this refinancing and have been involved in the document preparation. The next step in the issuance process is for the City Council to hold a public hearing, and for the City Council and Carson Public Financing Authority Commission to adopt resolutions authorizing the issuance of bonds within certain parameters and approving related documents.

II. RECOMMENDATION

TAKE the following actions:

ACTING AS THE CITY COUNCIL:

1. OPEN the public hearing, TAKE public testimony, CLOSE the public hearing.
2. WAIVE further reading and ADOPT Resolution No.19-069 entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DECLARING ITS INTENTION TO REFUND THE OUTSTANDING BONDS OF REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST); AND TO LEVY REASSESSMENTS AS SECURITY FOR THE REFUNDING BONDS; AND TO CONTINUE THE LIEN OF THE REASSESSMENTS LEVIED FOR THE OUTSTANDING BONDS ON CERTAIN PARCELS OF PROPERTY IN THE REASSESSMENT DISTRICT"
3. WAIVE further reading and ADOPT Resolution NO. 19-070 entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS, APPROVING A REPORT OF THE REASSESSMENT ENGINEER AND CONFIRMING THE REASSESSMENT, AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS FOR REASSESSMENT DISTRICT NO. 2001-1 (DOMINGUEZ TECHNOLOGY CENTER WEST), APPROVING A FISCAL AGENT AGREEMENT AND AN ESCROW DEPOSIT AND TRUST AGREEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH"
4. WAIVE further reading and ADOPT Resolution No. 19-071 entitled: "RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE ISSUANCE OF THE CARSON PUBLIC FINANCING AUTHORITY REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT"

ACTING AS THE CARSON PUBLIC FINANCING AUTHORITY:

5. WAIVE further reading and ADOPT Resolution No. 19-02 CPFA entitled: "A RESOLUTION OF THE COMMISSION OF THE CARSON PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF REASSESSMENT REVENUE REFUNDING BONDS, SERIES 2019, PURSUANT TO AN INDENTURE OF TRUST,

AUTHORIZING THE SALE OF SUCH BONDS UPON CERTAIN TERMS AND CONDITIONS, APPROVING AN OFFICIAL STATEMENT, APPROVING THE EXECUTION OF AN ESCROW DEPOSIT AND TRUST AGREEMENT, A COMMITMENT AGREEMENT AND BOND PURCHASE AGREEMENT AND TAKING OTHER ACTIONS RELATED THERETO”

III. ALTERNATIVES

1. Do not undertake the refunding and leave bonds outstanding as status quo.
2. TAKE such other action as the City Council deems appropriate.

IV. BACKGROUND

On August 22, 2001 the City of Carson (the “City”) issued \$32,195,000 in Assessment District No. 2001-1 (Dominguez Technology Center West) Limited Obligation Improvement Bonds, Series 2001 (the “2001 Bonds”) to finance public improvements for Dominguez Technology Center West industrial park. The improvements generally included interior and perimeter streets, freeway access improvements, traffic signals, storm drains, hardscape and landscaping. The landowners subject to assessment included the Carson Dominquez Properties LLP and Watson Partners (“the Landowners”).

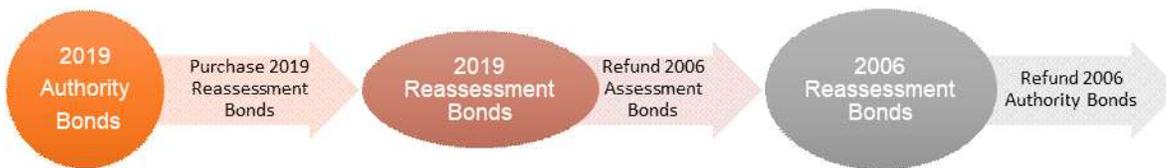
Due to lower interest rates, in November 2006, the 2001 Bonds were refinanced. The Carson Public Financing Authority (the “Authority”) issued \$25,000,000 Reassessment Revenue Bonds, Series A and \$7,955,000 Reassessment Revenue Bonds, Subordinate Series B (together, the “2006 Authority Bonds”) to refinance the 2001 Bonds at lower interest rates, thereby generating savings for the City and the Landowners. The issuance of the 2006 Authority Bonds generated savings to the City of \$1.69 million for infrastructure projects, and the Landowners saved approximately \$140,000 in annual reassessment payments through the final maturity of the 2006 Authority Bonds, in 2031. The Series A Bonds were insured by Radian Insurance company and have a bond rating of “AA” from Standard and Poor’s. The Series B Bonds are non-rated.

Current market conditions provide an opportunity to undertake an additional refinancing. The proposed issuance of the Authority’s \$19,595,000 Reassessment Revenue Refunding Bonds, Series 2019 (the “2019 Authority Bonds”) is expected to achieve present value savings of approximately \$2 million. The interest rate, based on current market condition would be reduced from 4.70% to 3.15%. The bond amount and interest rate are preliminary and subject to change. The savings are proposed to be bonded and will be used for public infrastructure street improvements within Dominguez Technology Center West to the benefit of the Landowners. The Landowners are in support in this approach and have retained legal counsel to represent their interests in the transaction. As a result of bonding the savings the actual cash saving to Landowners will be minimal.

Below is a breakdown of the proposed \$ 2 million in public improvements:

TITLE	DESCRIPTION	LOCATION
Glenn Curtis Street Roadway Reconstruction	Grind and overlay. The street has numerous trench cuts from utility repairs and rutting from heavy commercial traffic. Re-stripe traffic lanes.	Glenn Curtis Street
Glenn Curtis Street Reconstruction	Replacement of buckling and uneven sidewalks. Expansion of existing tree wells using current Public Works standard No. 117	Glenn Curtis Street
Wilmington Ave Street Improvement	Replacement of buckling and uneven sidewalks. Expansion of existing tree wells using current Public Works standard No. 117	Wilmington Ave
Glenn Curtis/ Wilmington Street Improvement	Re-paint cross walk.	Glenn Curtis/ Wilmington Street Intersection
University/ Wilmington Street Improvement	Re-paint cross walk.	University/ Wilmington Intersection

Financing Structure. The recommended refunding structure requires the Authority to issue approximately \$19,595,000 in 2019 Authority Bonds for the primary purpose of funding the City’s purchase of its corresponding City of Carson Reassessment District No. 2001-1 (Dominguez Technology Center West) Limited Obligation Refunding Improvement Bonds, Series 2019 (the “2019 Reassessment Bonds”). In turn, the 2019 Reassessment Bonds will be used refund the City’s outstanding 2006 Reassessment Bonds (the “2006 Reassessment Bonds”), thereby providing funds to refund the Series 2006 Authority Bonds. The 2019 Authority Bonds structure will differ from the 2006 Authority Bonds in that (a) it will have a smaller bond reserve fund equal to 75% of maximum annual debt service reduced from the current bond reserve fund equal to 100% of maximum annual debt service, (b) the overall savings to the landowners will be less on an annual basis but will be recouped in the new improvements upfront which benefit the project, and (c) the 2019 Authority Bonds will not be insured. The underwriter determined that the lower reserve fund requirement is acceptable given the very low property tax delinquency rate and high property values that investors will find acceptable. The reduction in the bond reserve found will be applied to the savings and help generate additional funds to the public improvements. The Structure is illustrated below.



The 2019 Authority Bonds are not expected to qualify for bond insurance or have a bond rating. In order to accomplish the refunding, the City will issue the 2019 Reassessment Bonds under the Refunding Act of 1984 for 1915 Improvement Act Bonds (“Act”). This Act requires the filing of the reassessment report in connection with the refinancing. The Reassessment Report (Exhibit 1) shows that the refunding will meet the legal requirements

of the Act in that total debt service will be reduced from the 2006 Reassessment Bonds, the outstanding principal will be reduced, and the bond term is not extended.

The 2019 Reassessment Bonds will be purchased by the Authority with the proceeds of the 2019 Authority Bonds pursuant to the Marks Roos Local Bond Pooling Act of 1985 (the "Bond Law").

Public Hearing

Because the Bonds are being sold through the Authority, under the Bond Law, the City, as the jurisdiction where the facilities relating to the financing are located, is required to hold a public hearing before the Authority may approve a resolution authorizing the sale of the Bonds. The City Council must find that there will be significant public benefit from the issuance and sale of the Bonds by the Authority for the purpose of financing the street improvements.

"Significant public benefit" includes employment benefits from undertaking the Projects in a timely fashion, and more efficient delivery of local services associated with the Projects. The City and its citizens will significantly benefit from much needed capital improvements through the mitigating effects the construction and reconstruction of streets will have on the deteriorating public infrastructure. The Projects will provide proper and safe working local streets for both commercial and public uses. Lastly, the Projects will require the continued employment of a labor force to construct and complete the local streets.

"Significant public benefit" also includes a demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs.

Bondholder Security. Debt service on the 2019 Authority Bonds is payable from reassessment revenue received from Landowners for the repayment of the underlying 2019 Reassessment Bonds. Debt service on the 2019 Reassessment Bonds is solely an obligation of the Landowners and neither the City nor the Authority is liable for such payments. Like with the existing 2006 structure, the City will be obligated to administer foreclosure proceedings if the Landowners fail to make reassessment payments that are sufficient meet the principal and interest payments on the 2019 Authority Bonds in a timely manner.

Schedule. The refunding nature of this financing means that the outcome is sensitive to market conditions -- namely, prevailing interest rates. The financing team has been working together over the past few months to finalize and document the transaction as to achieve the potential refinancing savings available under prevailing market conditions. Once this transaction is formally approved at this meeting, the underlying legal and offering documents will be finalized along with the debt structure resulting in a bond issuance in June. The timing may be impacted by Landowner considerations, disclosures, status of City financial statements, legal statutes of limitation considerations, or other concerns.

Public Disclosures. The public disclosures required under SB 450, effective January 1, 2018, are incorporated herein. The estimates have been determined as of March 21, 2019:

1. The all-in true interest cost of the bonds, which means the rate necessary to discount future principal and interest payments to equal the purchase price of the bonds, is estimated to be 3.15%.
2. The finance charge of the bonds, which means the sum of all fees and charges paid to third parties, is estimated to be \$385,000. Bond insurance premiums, which lower interest cost in exchange for upfront fees, is estimated to be \$0.00 (such insurance is not expected to be cost effective for this transaction).
3. The amount of proceeds received by the public body for the sale of the 2019 Authority Bonds less the finance charge of the 2019 Authority Bonds payable from bond proceeds, and less any reserves or capitalized interest paid or to be funded with bond proceeds, is estimated to be \$20,231,190.
4. The total payment amount, which means the sum total of all principal and interest payments the borrower is scheduled to repay over the life of the 2019 Authority Bonds is estimated to be \$26,760,773.

Financing Team. The primary professional service providers engaged to work alongside City staff to develop this financing are listed in the following table. The City administered a request for proposals process to directly engage the Municipal Advisor, Disclosure Counsel, and Underwriter (including Underwriter's Counsel) for this transaction. The Reassessment Engineer, Willdan Financial Services, is currently under contract with the City and will have a relatively minor role in this transaction. The City considered each service provider's fees, knowledge and experience with complex Marks Roos structures and land secured financings to form this transaction team. Professional, legal and underwriting fees will only be paid from the proceeds of the bonds and are not an obligation of the City or the Authority. The cost of issuing the bonds, excluding underwriting fees and expenses, is estimated to be approximately \$275,000. The maximum fees for certain of the primary service professionals are summarized in the table below. Based on the current estimate of the par amount of the 2019 Authority Bonds, underwriting fees and expenses are expected to total an additional \$110,000.

Role	Organization	Maximum Fee
Bond Counsel	Aleshire & Wynder, LLP	\$ [85,000]
Disclosure Counsel	Quint & Thimmig, LLP	[37,500]
Municipal Advisor	Columbia Capital Management, LLC	[75,000]
Reassessment Engineer	Willdan Financial Services	[10,000]
Landowners Counsel	Latham & Watkins, LLP	[25,000]

Financing Approvals

In order to authorize the issuance of the Bonds, the City Council and the Authority Commission have been presented with resolutions for their consideration. The City Council resolution and the Authority Board resolution approve the form of the following documents in connection with the financing:

- Reassessment Report (Exhibit 1)

- Bond Purchase Agreement (Exhibit 2)
- Commitment Agreement and Purchase Contract (Exhibit 3)
- Fiscal Agent Agreement (Exhibit 4)
- Escrow Agreement (Exhibit 5)
- Indenture of Trust (Exhibit 6)
- Preliminary Official Statement, including Continuing Disclosure Certificate (Exhibit 10)

The City Council resolution also approves the distribution of the preliminary official statement relating to the Bonds and sale of the Bonds within certain parameters. These parameters are: (1) the par amount of the bonds cannot exceed \$24,500,000; (2) the underwriters' discount cannot exceed 1% of the par amount of the Bonds.

The Authority resolution also approves the distribution of the preliminary official statement and sale of the Bonds within the same parameters described above.

The City's Bonds (the "2019 Reassessment Bonds")

General Summary of Security: The 2019 Reassessment Bonds are secured by unpaid reassessments on the properties in the Assessment District and, ultimately, by the properties themselves. Each year, reassessments will be levied against the properties in the Assessment District as part of the County property tax bill. In the event a property owner becomes delinquent on its property tax payment, the City covenants to initiate foreclosure proceedings.

Potential investors will look closely at the value of the property underlying the 2019 Reassessment Bonds relative to the assessment lien. Most industry professionals consider a 3:1 value to lien as a standard minimum for property securing an assessment bond issue. Based on the current assessed values of properties within the Assessment District, the aggregate value to lien for the 2019 Reassessment Bonds exceeds 10:1.

Fiscal Agent Agreement: This is a key legal document that lays out the legal structure and terms of the financing of the 2019 Reassessment Bonds. It specifies payment dates, maturity dates of the 2019 Reassessment Bonds; revenues and accounts specifically pledged to the repayment of the 2019 Reassessment Bonds; flow of funds, default and remedy provisions; defeasance provisions in the event the 2019 Reassessment Bonds are prepaid; and covenants of the City (including foreclosure covenants). It is drafted by Bond Counsel and executed by the City and Fiscal Agent.

Escrow Agreement: Document governing the defeasance of the 2006 Authority Bonds and the 2006 Reassessment Bonds and their early redemption and payoff. It is drafted by Bond Counsel and executed by the City and Fiscal Agent.

Continuing Disclosure Agreement: This agreement describes the City's responsibility to provide updated information to investors on an ongoing basis. Disclosure is required annually, and for any major "material" event, as defined in the document. This document is drafted by Disclosure Counsel and executed by City and Fiscal Agent.

Commitment and Purchase Contract: This contract is executed on the day of the bond

sale, and specifies the actual principal amounts, interest rates and prices at which the 2019 Reassessment Bonds were sold. In it, the Authority commits to purchase the 2019 Reassessment Bonds at closing at the agreed upon prices and amounts subject to certain closing conditions. It is drafted by Bond Counsel and executed by the City and the Authority.

The Authority's Bonds (the "2019 Authority Bonds")

General Summary of Security: The 2019 Authority Bonds are secured by the revenue stream from the 2019 Reassessment Bonds. In addition, there exists a reserve fund. The reserve fund can be used to pay debt service in the event revenues from the 2019 Reassessment Bonds are insufficient.

Indenture of Trust: A key legal document that lays out the legal structure and terms of the 2019 Authority Bonds. It specifies payment dates, maturity dates of the 2019 Authority Bonds; revenues and accounts specifically pledged to the repayment of the 2019 Authority Bonds; flow of funds, default and remedy provisions; defeasance provisions in the event the 2019 Authority Bonds are prepaid; and covenants of the Authority. It is drafted by Bond Counsel and executed by the City and Fiscal Agent.

Official Statement: This document describes the security of the 2019 Authority Bonds and discloses potential risks to prospective investors. It will generally describe the sources of payment for the 2019 Authority Bonds, the nature of the improvement project, the value of the land ultimately securing the 2019 Authority Bonds, economic and demographic characteristics of the City, and inherent known risk factors associated with the security. It is important that this document not contain any material misstatements or omissions.

A Preliminary Official Statement (often referred to as the "POS") is distributed by the underwriter to prospective investors prior to the bond sale so that they can make informed purchase decisions. The POS should be as close to final as possible with the actual terms of the pricing (interest rates and principal amounts) left necessarily blank. The Final Official Statement will be prepared shortly after the bond sale and must be available in time for closing. The POS and FOS are drafted by Disclosure Counsel and is executed by the Authority.

Bond Purchase Agreement: This contract is executed on the day of the bond sale, specifies the actual principal amounts, interest rates and prices at which the 2019 Authority Bonds were sold. In it, Stifel commits to purchase the 2019 Authority Bonds at closing at the agreed upon prices and amounts subject to certain closing conditions. Closing conditions generally relate to the execution and validity of all required documents and the absence of material changes in the nature of the security. It is drafted by underwriter's counsel and reviewed by Bond Counsel and executed by the Authority, the City and the underwriter.

V. FISCAL IMPACT

The 2019 Authority Bonds and the 2019 Reassessment Bonds are not direct obligations of the City or the Authority and are secured only by the properties assessed in Dominguez Technology Center West and the bond reserve fund. As discussed, the bond reserve fund

is being reduced by 25% due to the low property owner delinquency rates and high property values to generate additional funds from the public infrastructure improvements. The City is obligated to continue to place the assessments on the tax roll, pursue foreclosure if assessments are not paid, and administer the bonds. The cost for annual administration is collected as part of the annual assessments. The refunding of the 2006 Authority Bonds will allow the City to generate approximately \$2 million for new infrastructure street improvements while not increasing current bond debt service.

VI. EXHIBITS

1. Carson 2001 -1 Reassessment Report (Pgs. 11-59)
2. Bond Purchase Agreement - Carson PFA Reassessment Revenue Refunding Bond (Pgs. 60- 89)
3. Commitment Agreement and Purchase Contract (Pgs. 90-99)
4. Fiscal Agent Agreement (Pgs. 100-151)
5. Carson PFA Bonds Dominguez Escrow Agreement (Pgs. 152-167)
6. Indenture of Trust (Pgs. 168-226)
7. Resolution No. 19-069 Declaring Intention to Refund, Report, Reassess (Pgs. 227-229)
8. Resolution No. 19-070, Approving Report (Pgs. 230-233)
9. Resolution No. 19-071, (Public Benefits City (Pgs. 234-237)
10. Preliminary Official Statement (Pgs. 238-312)
11. Resolution No. 19-02 CPFA, approving issuance of reassessment (Pgs. 313-316)

Prepared by: John S. Raymond, Acting City Manager