

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE—BOOK-ENTRY ONLY

INSURED BONDS RATING: S&P: “ ”

UNINSURED BONDS RATING: S&P: “ ”

See “CONCLUDING INFORMATION – Ratings”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2020B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

\$ _____ *

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

\$ _____ *

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020B (FEDERALLY TAXABLE)**

Dated: Delivery Date**Due: September 1, as shown on the inside cover**

Purpose. The bonds captioned above (collectively, the “2020 Bonds”) are being issued by the Successor Agency to the Fullerton Redevelopment Agency (the “Successor Agency”) to refinance certain outstanding obligations originally issued or incurred by the former Fullerton Redevelopment Agency.

Book-Entry; Payments. The 2020 Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2020 Bonds. Semiannual interest on the 2020 Bonds due March 1 and September 1 of each year, commencing [March 1, 2021], and principal on the 2020 Bonds due September 1 of each year, commencing September 1, 2021, will be payable by U.S. Bank National Association, as trustee of the 2020 Bonds (the “Trustee”), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2020 Bonds. See “THE 2020 BONDS.”

[Redemption. The 2020 Bonds are subject to redemption prior to maturity. See “THE 2020 BONDS – Redemption.”]

Security; Parity Debt. The 2020 Bonds are payable from and secured by a pledge of Tax Revenues (as such term is defined in this Official Statement) and moneys in certain funds and accounts established under the Indenture (as defined in this Official Statement), including a debt service reserve account established by depositing therein a debt service reserve account policy to be issued by _____ (the “2020 Insurer”) concurrently with the delivery of the 2020 Bonds, as further described in this Official Statement. See “SECURITY FOR THE 2020 BONDS.” Certain 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000 and are payable from Tax Revenues on a parity with the 2020 Bonds. The Successor Agency is not permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds except for obligations issued to refund the 2020 Bonds or the 2015 Bonds. See “THE 2020 BONDS – Parity and Subordinate Debt.”

The scheduled payment of principal of and interest on certain maturities of the 2020 Bonds (the “2020 Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2020 Insured Bonds by _____. The maturities of the 2020 Insured Bonds will be determined by the Successor Agency in connection with the pricing of the 2020 Bonds.

[INSURER Logo]

Limited Obligations. The 2020 Bonds are limited obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from Tax Revenues (as such term is defined in this Official Statement), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture. The principal of and interest on the 2020 Bonds are not a debt of the City of Fullerton, County of Orange (the “County”), the State of California (the “State”) or any of their political subdivisions except the Successor Agency, and none of the City, County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The principal of and interest on the 2020 Bonds is not payable out of any funds or properties other than those set forth in the Indenture (as defined in this Official Statement). Neither the members of the Successor Agency, the Orange Countywide Oversight Board, the City Council of the City nor any persons executing the 2020 Bonds are liable personally on the 2020 Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2020 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 “RISK FACTORS.”

The 2020 Bonds are offered, when, as and if issued, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Successor Agency. Jones Hall, A Professional Law Corporation, San Francisco, California, is serving as Disclosure Counsel to the Successor Agency. In addition, certain legal matters will be passed upon for the Successor Agency by the Jones & Mayer, Fullerton, California, City Attorney, as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock, Irvine, California, as Underwriter’s Counsel. It is anticipated that the 2020 Bonds will be available for delivery through the facilities of DTC, on or about _____, 2020.

STIFEL

The date of this Official Statement is _____, 2020.

* Preliminary; subject to change.

MATURITY SCHEDULES

\$ _____ *

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† (Base _____)</u>
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\$ _____ % Term Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP† No. _____

\$ _____ *

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020B (FEDERALLY TAXABLE)**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† (Base _____)</u>
--	-----------------------------	----------------------	--------------	--------------	--------------------------------

\$ _____ % Term Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP† No. _____

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Preliminary; subject to change.

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
ORANGE COUNTY, CALIFORNIA**

CITY COUNCIL/SUCCESSOR AGENCY BOARD

Jennifer Fitzgerald, *Mayor and Chair*
Jan M. Flory, *Mayor Pro Tempore and Board Member*
Jesus Silva, *Board Member*
Bruce Whitaker, *Board Member*
Ahmad Zahra, *Board Member*

CITY/SUCCESSOR AGENCY STAFF

Ken Domer, *City Manager and Executive Director*
Ellis Chang, *Director of Administrative Services*
Lucinda Williams, *City Clerk and Secretary*

SPECIAL SERVICES

General Counsel/City Attorney

Jones & Mayer
Fullerton, California

Bond Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor and Fiscal Consultant

Urban Futures, Inc.
Tustin, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2020 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2020 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Merged Fullerton Redevelopment Project Area since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2020 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2020 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2020 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

Insurer Disclosure. [To come]

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[INSERT LOCATION MAP]

[INSERT PROJECT AREA MAP]

OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY

\$ _____*
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020A

\$ _____*
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020B
(FEDERALLY TAXABLE)

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Fullerton Redevelopment Agency (the “**Successor Agency**”) of the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “**2020A Bonds**”) and the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the “**2020B Bonds**” and together with the 2020A Bonds, the “**2020 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 should be made of the entire Official Statement. The offering of the 2020 Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Use of Proceeds

The Successor Agency is issuing the 2020 Bonds pursuant to authority granted by the Constitution of the State of California (the “**State**”), Section 34177.5(a)(1) of the Health and Safety Code of the State, Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “**Refunding Law**”) and an Indenture of Trust, dated as of February 1, 2015 (the “**Original Indenture**”), by and between the Successor Agency, as successor to the former Fullerton Redevelopment Agency (the “**Former Agency**”), and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020 (the “**First Supplement**”), by and between the Successor Agency and the Trustee (as so amended and supplemented, the “**Indenture**”). See “THE 2020 BONDS – Authority for Issuance.”

The Successor Agency will use a portion of the proceeds to prepay or redeem the following outstanding loans or bonds previously incurred or issued by the Former Agency (collectively, the “**Refunded Obligations**”):

* Preliminary; subject to change.

- Prepay in full a loan made by the City of Fullerton Public Financing Authority (the “**Authority**”) to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Orangefair Redevelopment Project (the “**2005 Orangefair Loan**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 Orangefair Loan Agreement**”), among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$16,080,000;
- Prepay in full a loan made by the Authority to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Central Fullerton Redevelopment Project (the “**2005 Central Fullerton Loan**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 Central Fullerton Loan Agreement**”), among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$17,320,000;
- Prepay in full a loan made by the Authority to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the East Fullerton Redevelopment Project (the “**2005 East Fullerton Loan**”; and, together with the Orangefair Loan and the 2005 Central Fullerton Loan, the “**2005 Loans**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 East Fullerton Loan Agreement**”; and together with the 2005 Orangefair Loan Agreement, and the 2005 Central Fullerton Loan Agreement, the “**2005 Loan Agreements**”) among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$9,640,000; and
- Redeem all of the outstanding Fullerton Redevelopment Agency 2010 Taxable Tax Allocation Housing Bonds (the “**2010 Bonds**”) issued by the Former Agency under that certain Indenture of Trust dated as of October 1, 2010 (the “**2010 Indenture**”), between the Successor Agency, as successor to the Former Agency, and U.S. Bank National Association, as trustee, which bonds are outstanding in the aggregate principal amount of \$15,390,000.

The 2005 Loans were made by the Authority to the Former Agency with proceeds of the City of Fullerton Public Financing Authority 2005 Tax Allocation Revenue Bonds (the “**2005 Bonds**”). The 2005 Bonds were issued by the Authority under the terms and conditions of an Indenture of Trust, dated as of December 1, 2005 (the “**2005 Indenture**”), by and between the Authority and U.S. Bank National Association, as trustee. The 2005 Bonds are currently outstanding in the aggregate principal amounts of \$43,040,000. The Authority will cause all of the outstanding 2005 Bonds to be redeemed contemporaneously with the prepayment of the 2005 Loans.

The remaining proceeds of the 2020 Bonds will be used to (i) pay the premium of a debt service reserve insurance policy for the 2020 Bonds (the “**2020 Reserve Policy**”) to be issued by _____ (the “**2020 Insurer**”) concurrently with the delivery of the 2020 Bonds to satisfy the 2020 Reserve Requirement (as defined below) and (ii) pay the costs of issuing the 2020 Bonds, including the premium for the 2020 Policy (as defined below).

The City and the Successor Agency

The City. The City of Fullerton (the “**City**”) is located in Southern California in the County of Orange (the “**County**”), approximately 25 miles southeast of the City of Los Angeles, and covers approximately 22.4 square miles. The City, founded in 1887 and incorporated in 1904, operates as a general law city, governed by a nonpartisan, five-member City Council (the “**City Council**”) elected to serve staggered four-year terms. The City provides the full range of services normally associated with a municipality, including police and fire protection, highways and streets, parks and recreation, library, planning and zoning, building and engineering, various maintenance services and administration. Parking and airport facilities, water, sewer, and storm drainage are also provided.

See “APPENDIX G – SUPPLEMENTAL INFORMATION – CITY OF FULLERTON AND COUNTY OF ORANGE” for additional information regarding the City and the County. The 2020 Bonds are not an obligation of the City or the County.

Successor Agency. The Successor Agency is the successor entity to the Former Agency, which was dissolved under the Dissolution Act (described below). The Former Agency was a redevelopment agency with all of the powers vested in such entities under the California Community Redevelopment Law (the “**Redevelopment Law**”). The City Council was the legislative body of the Former Agency and is the governing board of the Successor Agency.

Pursuant to Section 34173 of the Dissolution Act, the City made an election to act as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public 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.

Dissolution Act. On June 29, 2011, Assembly Bill No. X1 26 (“**AB X1 26**”) was enacted, together with a companion bill, Assembly Bill No. X1 27 (“**AB X1 27**”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. 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. 4th 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 found in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California 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 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.8 and 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the “**Dissolution**”

Act.” The Redevelopment Law together with the Dissolution Act are sometimes referred to in this Official Statement as, the “**Law.**”

The Merged Project Area and Component Areas

Merged Project Area. Prior to the dissolution of the Former Agency, the City Council of the City established the following four project areas of the Former Agency (collectively, the “**Component Project Areas**”):

- Orangefair Redevelopment Project;
- Central Fullerton Redevelopment Project;
- East Fullerton Redevelopment Project; and
- Redevelopment Project No. 4;

Pursuant to Ordinance No. 3082, adopted on December 19, 2006, the City Council of the City approved and adopted the Merged Fullerton Redevelopment Plan (the “**Original Merged Project Area Redevelopment Plan**”) to fiscally merge the Component Project Areas into a single project area known as the Merged Fullerton Redevelopment Project (the “**Original Merged Project Area**”). The Original Merged Redevelopment Plan incorporated key provisions of the redevelopment plans of the Component Project Areas. Pursuant to Ordinance No. 3082, adopted on December 19, 2006, the City Council of the City also adopted the 2006 Fullerton Redevelopment Project Areas Merger and Amendment (the “**2006 Merger Amendment**”) to amend the redevelopment plans of the Component Project Areas and effect their merger.

Pursuant to Ordinance No. 3130, adopted on July 14, 2009, the City Council of the City amended the Original Merged Project Area Redevelopment Plan to include additional territory totaling 1,088 acres (the “**Amended Area**”; and together with the Original Merged Project Area, the “**Merged Project Area**”). The Original Merged Project Area Redevelopment Plan as amended from time to time is referred to in this Official Statement as the “**Merged Project Area Redevelopment Plan.**”

The Merged Project Area (excluding Component Project Area No. 4 (as hereinafter defined)) consists of a total of 3,082 acres. The Merged Project Area encompasses a significant proportion of the commercially zoned property in the City together with the area surrounding California State University, Fullerton.

Component Project Areas and Amended Area. Following are brief descriptions of the Component Project Areas and the Amended Area.

- Orangefair Component Project Area. The City Council approved a redevelopment plan (the “**Original Orangefair Redevelopment Plan**”) and established the Orangefair Redevelopment Project (the “**Orangefair Component Project Area**”) pursuant to Ordinance No. 1941, adopted on December 18, 1973. The Original Orangefair Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Orangefair Redevelopment Plan**”).

The Orangefair Component Project Area consists of approximately 183 acres, or approximately 1.3% of the City, and is composed primarily of commercial uses.

- Central Fullerton Component Project Area. The City Council approved a redevelopment plan (the “**Original Central Fullerton Redevelopment Plan**”) and established the Central Fullerton Redevelopment Project (the “**Central Fullerton Component Project Area**”) pursuant to Ordinance No. 2008, adopted on December 17, 1974. The Original Central Fullerton Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Central Fullerton Redevelopment Plan**”).

The Central Fullerton Component Project Area consists of approximately 710 acres, or approximately 5.0% of the City, and is composed primarily of residential and commercial uses.

- East Fullerton Component Project Area. The City Council approved a redevelopment plan (the “**Original East Fullerton Redevelopment Plan**”) and established the East Fullerton Redevelopment Project (the “**East Fullerton Component Project Area**”) pursuant to Ordinance No. 2006, adopted on December 3, 1974. The Original East Fullerton Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**East Fullerton Redevelopment Plan**”; and together with the Merged Project Area Redevelopment Plan, the Orangefair Redevelopment Plan, and the Central Redevelopment Plan, the “**Redevelopment Plans**”).

The East Fullerton Component Project Area consists of approximately 1,101 acres, or approximately 7.7% of the City, and is composed primarily of residential uses.

- Component Project Area No. 4. The City Council approved a redevelopment plan (the “**Original Project Area No. 4 Redevelopment Plan**”) and established the Redevelopment Project No. 4 (“**Component Project Area No. 4**”) pursuant to Ordinance No. 2776, adopted on August 6, 1991. The Original Project Area No. 4 Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Project Area No. 4 Redevelopment Plan**”).

The Project Area No. 4 Redevelopment Plan does not provide for the collection or use of incremental tax revenues from Component Project Area No. 4. Therefore, the discussion in this Official Statement and the Fiscal Consultant’s report regarding the Merged Project Area and the projections of Tax Revenues (as hereinafter defined) in this Official Statement and the Fiscal Consultant’s Report do not include Component Project Area No. 4.

- Amended Area. As previously described, pursuant to Ordinance No. 3130, adopted on July 14, 2009, the City Council of the City amended the Original Merged Project Area Redevelopment Plan to include the Amended Area.

The Amended Area consists of two sub-areas, Sub-Area 1, and Sub-Area 2, totaling 1,088 acres. Sub-Area 1 is approximately 337 acres of mixed-use property, located in the western portion of the City, generally along the Commonwealth, Brookhurst and Orangethorpe Avenue commercial corridors and west of Euclid Avenue. Sub-Area 2 is approximately 751 acres of primarily industrial use, located in the southeastern portion

of the City generally bounded by Placentia Avenue on the east, Walnut Avenue on the north and the railroad right of way located to the west of Raymond Avenue on the west.

See "THE MERGED PROJECT AREA" for additional information regarding the Merged Project Area.

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues, and the Orange 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 adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped 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 (less certain items such as payments required to be made with respect to contractual and statutory pass-through obligations). Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

Authority to Issue Refunding Bonds under Dissolution Act

Section 34177.5(a)(1) 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.

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, the revenues that were pledged to the bond or other indebtedness being refunded as well as from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (as defined below) established by the county auditor-controller for the successor agency by the Dissolution Act. See "SECURITY FOR THE 2020 BONDS."

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS."

Security for the 2020 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 the Merged Project Area 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 (the "**Redevelopment Property Tax Trust Fund**") pursuant to

the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2020 Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Under the Dissolution Act, property tax revenues are distributed to the Successor Agency on a semi-annual basis (on January 2 and June 1) based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to the Orange Countywide Oversight Board (the "**Oversight Board**") and the State Department of Finance (the "**DOF**"). 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 2020 BONDS – Recognized Obligation Payment Schedules."

In accordance with Section 34177.5(a)(1) of the Dissolution Act, the 2020 Bonds are secured by a pledge of, security interest in and lien on all of the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture, as further described in this Official Statement. See "Limited Obligation" below. Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS" and see "SECURITY FOR THE 2020 BONDS" for further information regarding the security for the 2020 Bonds.

Parity and Subordinate Debt

Existing Parity Debt. When issued, the 2020 Bonds will be payable from Tax Revenues on a parity with the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds (the "**2015 Bonds**"). The 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000, and have a final maturity of March 1, 2025. The 2015 Bonds, the 2020 Bonds and any future Parity Debt are hereinafter referred to collectively as the "**Bonds**."

On the date the 2015 Bonds were issued, the Successor Agency established a debt service reserve account for the 2015 Bonds (the "**Reserve Account**") by depositing therein a debt service reserve account policy ("**2015 Reserve Policy**") issued by Build America Mutual Assurance Company (the "**2015 Insurer**"). Amounts on deposit in the Reserve Account and draws under the 2015 Reserve Policy are neither pledged nor available to pay debt service on the 2020 Bonds.

No Additional Future Parity Debt. Under the Indenture, after the issuance of the 2020 Bonds, the Successor Agency will not be permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case

payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds, except for obligations issued to refund the 2020 Bonds or the 2015 Bonds.

Future Subordinate Debt. Nothing in the Indenture is intended to restrict the ability of the Successor Agency to issue its notes, bonds or other obligations which are secured by a pledge of and lien on the Tax Revenues which are subordinate to the pledge and lien which secures the Bonds. See “THE 2020 BONDS – Parity and Subordinate Debt.”

Limited Obligation

The 2020 Bonds are limited obligations of the Successor Agency issued pursuant to the Successor Agency Resolution (as hereinafter defined), the Oversight Board Resolution (as hereinafter defined) and the Indenture and are secured by a pledge of, security interest in and lien on all of the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture, as further described in this Official Statement. The principal of and interest on the 2020 Bonds are not a debt of the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The principal of and interest on the 2020 Bonds are not payable out of any funds other than those pledged to the payment of the 2020 Bonds pursuant to the Indenture. No member, officer, agent or employee of the Successor Agency, the Oversight Board, the City Council of the City or any person executing the 2020 Bonds is liable personally on the 2020 Bonds by reason of their issuance.

Debt Service Reserve Account

The Successor Agency will establish a debt service reserve account for the 2020 Bonds (the “**2020 Reserve Subaccount**”) by depositing therein the 2020 Reserve Policy in the amount of \$_____, which will satisfy the “**2020 Reserve Requirement**” (as defined below). See “SECURITY FOR THE 2020 BONDS – Debt Service Reserve Account.”

Bond Insurance

Concurrently with the issuance of the 2020 Bonds, _____ will issue its Municipal Bond Insurance Policy (the “**2020 Policy**”) for certain maturities of the 2020 Bonds (the “**2020 Insured Bonds**”). The 2020 Policy guarantees the scheduled payment of principal of and interest on the 2020 Insured Bonds when due as set forth in the form of the 2020 Policy included as Appendix I to this Official Statement. The scheduled payment of principal of and interest on the maturities of the 2020 Bonds to be guaranteed under the 2020 Policy will be determined by the Successor Agency in connection with the pricing of the 2020 Bonds. See “MUNICIPAL BOND INSURANCE.”

Professionals Involved in the Offering

Urban Futures, Inc., Tustin, California, has acted as fiscal consultant to the Successor Agency (the “**Fiscal Consultant**”) and advised the Successor Agency as to the taxable values within the Merged Project Area projected to be available to pay debt service on the 2020 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 H.

Urban Futures, Inc., Tustin, California has also acted as municipal advisor to the Successor Agency (the “**Municipal Advisor**”).

Causey Demgen & Moore P.C., Denver, Colorado, is acting as Verification Agent with respect to the proposed prepayment and redemption of the Refunded Obligations (the “**Verification Agent**”).

U.S. Bank National Association, Los Angeles, California, will act as Trustee with respect to the 2020 Bonds.

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), is underwriting the 2020 Bonds.

All proceedings in connection with the issuance of the 2020 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Successor Agency. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2020 Bonds is attached hereto as Appendix B. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Disclosure Counsel. Jones & Mayer, City Attorney of the City, as general counsel to the Successor Agency, will render certain opinions on behalf of the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor and Underwriter’s Counsel is contingent upon the sale and delivery of the 2020 Bonds.*

COVID-19 Pandemic

The information regarding the Merged Project Area contained in this Official Statement is the latest available, but unless otherwise indicated are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the Merged Project Area, the City, the Successor Agency and the region. See, in particular, “RISK FACTORS – Public Health Emergencies.”

Risk Factors Associated with Purchasing the 2020 Bonds

Investment in the 2020 Bonds involves risks that may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors which should be considered, including the potential impact of the COVID-19 pandemic, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2020 Bonds.

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2020 Bonds, the Indenture, the Successor Agency, the Former Agency, the Redevelopment Plans, the Merged Project Area and its components, and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2020 Bonds, the Indenture, the Redevelopment Plans, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency and the City are qualified in their entirety by reference to such documents and laws. References

in this Official Statement to the 2020 Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture. During the period of the offering of the 2020 Bonds, copies of the draft forms of all documents are available from the Underwriter or the City Clerk, 303 West Commonwealth Ave., Fullerton, California 92832.

REFUNDING PLAN

Refunding of Refunded Obligations

General. Pursuant to an escrow agreement (the “**Escrow Agreement**”), by and among the Successor Agency, the Authority and U.S. Bank National Association, acting in its capacity as escrow agent (in such capacity, the “**Escrow Agent**”), the Successor Agency will deliver a portion of the proceeds of the 2020 Bonds, along with other available amounts, to the Escrow Agent for deposit in an escrow account established under the Escrow Agreement with respect to the 2005 Loans (the “**2005 Escrow Account**”), and an escrow account established under the Escrow Agreement with respect to the 2010 Bonds (the “**2010 Escrow Account**”).

2005 Loans. The Escrow Agent will hold the funds on deposit in the 2005 Escrow Account [in cash, uninvested]. From the moneys on deposit in the 2005 Escrow Account, the Escrow Agent will prepay, on [September 1, 2020], the principal outstanding under the 2005 Loans together with accrued interest thereon and, on such date, the Authority will use the proceeds from such prepayment to refund all of the outstanding 2005 Bonds and the accrued interest thereon to the date of repayment.

Pursuant to the 2005 Loan Agreements, the 2005 Loans will be deemed to have been discharged upon deposit with the Escrow Agent, in trust, of money or permitted defeasance securities which, together with the available amounts then on deposit in the funds and accounts established under the 2005 Loan Agreements is fully sufficient to pay and discharge the indebtedness on the 2005 Loans (including all principal and interest).

2010 Bonds. The Escrow Agent will hold the funds on deposit in the 2010 Escrow Account [in cash, uninvested]. From the moneys on deposit in the 2010 Escrow Account, the Escrow Agent will pay, on or about _____, 2020, the outstanding principal amount of all of the 2010 Bonds and the accrued interest thereon to the date of repayment.

Pursuant to the 2010 Indenture all of the outstanding 2010 Bonds will be deemed to have been defeased upon deposit with an escrow agent, in trust, of money or permitted defeasance securities which, together with the available amounts then on deposit in the funds and accounts established pursuant to the 2010 Indenture is fully sufficient to pay all of the outstanding 2010 Bonds, including all principal, interest and redemption premiums thereon if any.

The amounts held by the Escrow Agent in the 2005 Escrow Account and the 2010 Escrow Account are pledged solely to the amounts due and payable by the Successor Agency under the 2005 Loan Agreements and the 2010 Indenture, respectively, with respect to the 2005 Loans and the 2010 Bonds, respectively. The funds deposited in the 2005 Escrow Account and the 2010 Escrow Account will not be available for the payment of debt service with respect to any indebtedness other than the Refunded Obligations.

Verification of Mathematical Accuracy

The sufficiency of the deposits in the Escrow Fund for the purposes described above will be verified by the Verification Agent. Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the 2005 Escrow Account and the 2010 Escrow Account, the Successor Agency's obligations under the 2005 Loan Agreements and the 2010 Indenture with respect to the Refunded Obligations will be discharged.

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.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

	2020A Bonds <u>Amount</u>	2020B Bonds <u>Amount</u>
Sources:		
Principal Amount		
<i>Plus/Less:</i> [Net] Original Issue Premium/Discount		
<i>Plus:</i> Refunded Obligations - Available Funds		
<i>Less:</i> Underwriter's Discount		
Total Sources		
Uses:		
Prepay 2005 Loans		
Redeem 2010 Bonds		
Costs of Issuance ⁽¹⁾		
Total Uses		

- (1) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Fiscal Consultant, Municipal Advisor, Trustee, Escrow Agent, the Verification Agent, premiums for the 2020 Policy and the 2020 Reserve Policy, Successor Agency administrative staff, City Attorney as general counsel to the Successor Agency, printing expenses, rating fee and other costs related to the issuance of the 2020 Bonds.

Debt Service Schedule

The following table shows the annual debt service schedule for the 2015 Bonds and the 2020 Bonds, assuming no optional redemption of [such bonds] prior to their respective maturities.

Bond Year Ending September 1	Total 2015 Bonds Debt Service ⁽¹⁾	2020A Bonds Principal	2020A Bonds Interest	2020B Bonds Principal	2020B Bonds Interest	Total Debt Service
2021	\$1,285,750					
2022	1,285,000					
2023	1,291,000					
2024	1,295,500					
2025	1,050,625					
2026	--					
2027	--					
Total	\$6,207,875					

(1) The final payment of debt service on the 2015 Bonds is March 1, 2025.

THE 2020 BONDS

Authority for Issuance

The issuance of the 2020 Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. __ adopted on [July 7, 2020] (the “**Successor Agency Resolution**”), and approved by the Oversight Board pursuant to Resolution No. __ adopted on [July 21, 2020] (the “**Oversight Board Resolution**”).

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF.

On _____, 2020, 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 2020 Bonds is approved by the DOF. See “APPENDIX F – STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

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 the 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 Schedules and are not subject to further review and approval by the DOF or the California State Controller.

Description of the 2020 Bonds

The 2020 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no 2020 Bond shall mature on more than one date, initially in the name of Cede & Co., as nominee for The Depository Trust Company

("DTC"), New York, New York, as registered owner of all 2020 Bonds. The initially executed and delivered 2020 Bonds will be dated the date of delivery (the "**Closing Date**") and mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the 2020 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year (each an "**Interest Payment Date**"), commencing on [March 1, 2021].

Each 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [February 15, 2021], in which event it shall bear interest from its 2020 Closing Date; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. "**Record Date**" as defined in the Indenture means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th day is a Business Day.

Interest on the 2020 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed 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 either the 2020A Bonds or the 2020B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2020A Bonds or such 2020B 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 2020 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 maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

Redemption*

[Optional Redemption.] The 2020A Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020A Bonds maturing on or after September 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 September 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.

* Preliminary; Subject to change.

The 2020B Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020B Bonds maturing on or after September 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 September 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 2020A Bonds that are term bonds maturing September 1, 20__ (the “**2020A Term Bonds**”) shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided however, that if some but not all of such 2020A Term Bonds have been redeemed pursuant to the Indenture, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 2020A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

2020A Term Bonds of 20__

September 1	Principal Amount
	\$

*

* Maturity.

The 2020B Bonds that are term bonds maturing September 1, 20__ (the “**2020B Term Bonds**”) shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided however, that if some but not all of such 2020B Term Bonds have been redeemed pursuant to the Indenture, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 2020B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

2020A Term Bonds of 20__

September 1

Principal Amount

\$

*

* Maturity.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail) notice of any redemption to the respective Owners of any 2020 Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such 2020 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the 2020 Bonds of such maturity or maturities in whole) of the 2020 Bonds to be redeemed, and shall require that such 2020 Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such 2020 Bonds will not accrue from and after the redemption date and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date.

Manner of Redemption. Whenever provision is made for the redemption of less than all of the 2020 Bonds, the Trustee shall select the 2020 Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all 2020 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate 2020 Bonds which may be separately redeemed.

Partial Redemption. If only a portion of a 2020 Bond is called for redemption, then upon surrender of such 2020 Bond the Successor Agency will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new - 2020 Bond or 2020 Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed.

Effect of Redemption. If notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the 2020 Bonds so called for redemption have been duly provided, from and after the date fixed for redemption such 2020 Bonds shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Rescission. The Successor Agency has the right to rescind any notice of the optional redemption of 2020 Bonds by written notice to the Trustee on or prior to the date fixed for

redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2020 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the notice of redemption was sent.

Parity and Subordinate Debt

Existing Parity Debt. When issued, the 2020 Bonds will be payable from Tax Revenues on a parity with the 2015 Bonds. The 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000, and have a final maturity of March 1, 2025.

No Additional Future Parity Debt. Under the Indenture, after the issuance of the 2020 Bonds, the Successor Agency will not be permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds, except for obligations issued to refund the 2020 Bonds or the 2015 Bonds.

Future Subordinate Debt. Nothing in the Indenture is intended to restrict the ability of the Successor Agency to issue its notes, bonds or other obligations which are secured by a pledge of and lien on the Tax Revenues which are subordinate to the pledge and lien which secures the Bonds.

THE DISSOLUTION ACT

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

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2020 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 2020 Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plans, taxes levied upon taxable property in the Merged Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "**taxing agencies**") after the effective date of the ordinance approving Redevelopment Plans, or the respective effective dates of ordinances approving amendments to applicable Redevelopment Plans that added territory to the applicable project area, if any, are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to a Redevelopment Plan that added territory to the applicable project area, if any (the "**base year valuation**"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest

on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, if applicable, following the date of issuance of the 2020 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. No such override revenues are pledged as security for the 2020 Bonds.

SECURITY FOR THE 2020 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 2015 Bonds and the 2020 Bonds are payable from and secured by the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established under the Indenture as described below, as further described in this Official Statement. See “Limited Obligation” below.

Pledge Under the Indenture

For the security of the Bonds, pursuant to the Indenture, the Successor Agency grants a first pledge of and lien on all of the Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund. The Bonds shall be additionally secured by all moneys in the Debt Service Fund, including the Interest Account, the Principal Account, the Reserve Account (but only with respect to the 2015 Bonds), the 2020 Reserve Subaccount (but only with respect to the 2020 Bonds), and the Redemption Account. Except for the Tax Revenues and other funds pledged thereunder for the security of the Bonds, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, the Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements therein set forth to be performed on behalf of the Successor Agency are 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 therein or in the Bonds.

Tax Revenues

Definition. The term “**Tax Revenues**” is defined in the Indenture to mean all taxes: (a) that were eligible for allocation to the Former Agency with respect to the Merged Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable laws of the State of California; and (b) that are deposited or available for deposit by the Auditor-Controller of the County in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the California Health and Safety Code.

Housing Set-Aside. Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Merged Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.”

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. As a result, and because the Successor Agency will not have any obligations that will be payable from Housing Set-Aside after the issuance of the 2020 Bonds, the former Housing Set-Aside will be available to pay debt service on the 2020 Bonds; the projection of Tax

Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act and has agreed to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding or any amounts are due and owing to the Bond Insurer in respect of the [Bond Insurance Policy] or the Reserve Policy.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency will deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. In the event the rating on general fund obligations of the City falls below A- from S&P, the Successor Agency will maintain the Redevelopment Obligation Retirement Fund as a separate account with the Trustee or another banking institution.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as required under the Indenture to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds in full when due, or to replenish the Reserve Account and 2020 Reserve Subaccount (including reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy and the 2020 Insurer in respect of the 2020 Reserve Policy), the Successor Agency shall make such transfers on a pro rata basis.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds coming due and payable during such Bond Year, and to restore the required balance in the Reserve Account and the 2020 Reserve Subaccount, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Successor Agency for any lawful purposes of the Successor Agency.

Debt Service Fund; Transfer of Amounts to Trustee. The Trustee has established a trust fund to be known as the Debt Service Fund, which is held in trust by the Trustee under the Indenture. In addition to the transfers required to be made from the Redevelopment Obligation Retirement Fund for the replenishment of the Reserve Account (including reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy) and the 2020 Reserve Subaccount, the Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are established with the Trustee, in the following order of priority:

Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on

the Outstanding Bonds on such date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at maturity.

Reserve Account. Pursuant to the Indenture, a separate account within the Debt Service Fund has been established to be known as the "Reserve Account" as security for the 2015 Bonds and a subaccount named the "2020 Reserve Subaccount" as security for the 2020 Bonds. Amounts in the Reserve Account and the 2020 Reserve Subaccount shall secure and be applied to pay only the 2015 Bonds and 2020 Bonds, respectively, and no other. See "– Debt Service Reserve Account" for further information regarding the Reserve Account and the 2020 Reserve Subaccount.

Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date.

Debt Service Reserve Account

Definition of 2020 Reserve Requirement. The Indenture defines "**2020 Reserve Requirement**" to mean as of any date of computation the lesser of (a) Maximum Annual Debt Service with respect to the 2020 Bonds, (b) 125% of average Annual Debt Service with respect to the 2020 Bonds, and (c) ten percent (10%) of the original principal amount of the 2020 Bonds (or, if the 2020 Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of the 2020 Bonds). The initial 2020 Reserve Requirement equals \$_____; in no event shall the 2020 Reserve Requirement exceed \$_____.

The 2020 Reserve Requirement will be satisfied by the delivery of the 2020 Reserve Policy by the 2020 Insurer on the 2020 Closing Date with respect to the 2020 Bonds. The Successor Agency will have no obligation to replace the 2020 Reserve Policy or to fund the 2020 Reserve Subaccount with cash if, at any time that the 2020 Bonds are Outstanding, amounts are not available under the 2020 Reserve Policy other than in connection with a draw on the 2020 Reserve Policy. Under the terms and conditions of the 2020 Reserve Policy, the Trustee shall deliver to the 2020 Insurer a demand for payment under the 2020 Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the 2020 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the 2020 Reserve Subaccount, within the limits of the coverage amount provided by the 2020 Reserve Policy. All amounts drawn by the Trustee under the 2020 Reserve Policy will be deposited into the 2020 Reserve Subaccount and applied for the purposes thereof.

Replenishment of the Reserve Account and 2020 Reserve Subaccount. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time

becomes less than the Reserve Requirement, the Trustee shall notify the Successor Agency and the 2015 Insurer of such fact. If the Trustee has actual knowledge that the amount on deposit in the 2020 Reserve Subaccount at any time becomes less than the 2020 Reserve Requirement, the Trustee shall notify the Successor Agency and the 2020 Insurer of such fact. Upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to (a) maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy) and (b) maintain the 2020 Reserve Requirement on deposit in the 2020 Reserve Subaccount (including the reimbursement of all amounts due and owing to the 2020 Insurer in respect of the 2020 Reserve Policy). Deposits to replenish the Reserve Account and the 2020 Reserve Subaccount shall be made on a pro-rata basis to ensure parity treatment of the 2015 Bonds and the 2020 Bonds.

Use of Moneys in the Reserve Account. Amounts in the Reserve Account 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, on any date which the principal of or interest on the 2015 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2015 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

Amounts in the 2020 Reserve Subaccount 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, on any date which the principal of or interest on the 2020 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2020 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the 2020 Reserve Subaccount in excess of the 2020 Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the 2020 Reserve Subaccount by the Trustee and deposited in the Interest Account.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for a summary of certain additional provisions in the Indenture regarding the 2020 Reserve Policy.

Limited Obligation

The 2020 Bonds are not a debt of the City, the State or any of their political subdivisions except the Successor Agency, and none of the City, the State or any of their political subdivisions except the Successor Agency are liable therefor. The 2020 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the City Council of the City shall be individually or personally liable for the payment of the principal of or interest on the 2020 Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. 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 on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2020, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2020 through June 30, 2021.

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 pursuant to Section 34191.6(a) of the Law. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency would no longer submit annual Recognized Obligation Payment Schedules 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 is fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. [The Successor Agency has covenanted in the Indenture not to file a Last and Final Recognized Obligation Payment Schedule without the consent of the 2020 Insurer unless all amounts that could become due and payable to the 2020 Insurer under the 2020 Insurance Policy, the 2020 Reserve Policy, and the Indenture are included in such Last and Final Recognized Obligation Payment Schedule, as so amended].

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 (including the Reserve Account and the 2020 Reserve Subaccount), 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.

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

- (i) first, subject to certain adjustments for subordinations (as described below) to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local taxing agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations (see “SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments”);
- (ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;
- (iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

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

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted

from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated 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 the 2020 Bonds. The Successor Agency neither requested nor obtained the consent of any of the taxing entities within the Merged Project Area to subordinate their respective rights to receive statutory pass-through payments. Therefore, the payment of debt service on the 2020 Bonds is subordinate to the payment of statutory pass-through payments with respect to the Merged Project Area. The Former Agency did not enter into any negotiated pass-through agreements with respect to any of the Component Project Areas.

See "SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments" and "– No Negotiated Pass-Through Agreements."

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the former low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than \$250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Relevant Covenant by the Successor Agency. The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Dissolution Act. The Successor Agency further covenants in the Indenture that it will take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, all outstanding Bonds coming due in such Bond Year. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and the DOF, the amounts to be held by the Successor Agency as a reserve until the next Semiannual 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 Semiannual Period.

Without limiting the generality of the foregoing paragraph, the Successor Agency will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each Semiannual Period all payments to the Trustee to satisfy the requirements of the Indenture, including any amounts required to replenish the respective reserve accounts established for the Bonds, and including any amounts due and owing to the 2015 Bond Insurer and the 2020 Insurer in respect of the Bond Insurance Policy or Reserve Policy and 2020 Bond Insurance Policy or 2020 Reserve Policy, respectively. For each Semiannual Period, the Successor Agency shall request an amount of Tax Revenues on the Recognized Obligation Payment Schedules as follows:

- (a) for the Semiannual Period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is at least equal to one-half of the aggregate amount of principal of and interest on the Bonds during the Bond Year which ends on September 1 in such calendar year;
- (b) For the Semiannual Period beginning on July 1 of any calendar year and ending on December 31 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is required, together with amounts then reserved from any prior Semiannual Period, to pay 100% of the amount of principal of and interest on the Bonds coming due during such Semiannual Period; and
- (c) any amounts required to make payments due to the 2015 Bond Insurer and the 2020 Insurer in respect of the Bond Insurance Policy or Reserve Policy and 2020 Bond Insurance Policy or 2020 Reserve Policy, respectively.

The provisions of the Indenture relating to Semiannual Periods shall apply only so long as the Successor Agency is required to prepare and file Recognized Obligation Payment Schedules on the basis of a Semiannual Period under the Dissolution Act. The Indenture further provides that, in the event the Dissolution Act is amended to provide for the filing of Recognized Obligation Payment Schedules on an annual basis, the Successor Agency shall be obligated to include in each such Recognized Obligation Payment Schedule the aggregate amount of principal of and interest on the Bonds. As previously described, the Dissolution Act has been so amended.

The Successor Agency shall provide the 2015 Bond Insurer and 2020 Bond Insurer with copies of all Recognized Obligation Payment Schedules submitted and any and all correspondence received from the DOF, upon receipt. In the event that the Successor Agency is a party to a meet and confer with the California Department of Finance, the Successor Agency shall timely notify the 2015 Bond Insurer and 2020 Bond Insurer of such fact and the 2015 Bond Insurer and 2020 Bond Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meeting or through written submission, as the 2015 Bond Insurer and 2020 Bond Insurer determines in their discretion. In the event the Successor Agency receives a denial from the DOF with respect to any Recognized Obligation Payment Schedules, whether relating to the Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service or Policy Costs relating to the Bonds, the Successor Agency agrees to cooperate in good faith with the 2015 Bond Insurer and 2020 Bond Insurer and the 2015 Bond Insurer and 2020 Bond Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

In the event the Successor Agency fails to timely file any Recognized Obligation Payment Schedules relating to the Insured Bonds for any period, the Successor Agency designates the Bond Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule with respect to the Insured Bonds.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period (or otherwise) to pay the principal of and interest on the 2015 Bonds and the 2020 Bonds. See “RISK FACTORS.”

History of Submission of the Recognized Obligation Payment Schedules. The Successor Agency has procedures in place to ensure full and timely compliance with the above-described covenant. Under the direction of the City Manager as Executive 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 Schedule” above for discussion regarding submission of 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 2020 Bonds, see “RISK FACTORS – Recognized Obligation Payment Schedules.”

No Negotiated Pass-Through Agreements

Prior to the effectiveness of Assembly Bill 1290 (“**AB 1290**”) in 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any affected taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency’s determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements typically provided for payment or pass-through of tax increment revenue directed to the affected taxing entity, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Former Agency did not enter into any pass-through agreements with respect to any of the Component Project Areas, and therefore no such payments are required with respect to the Merged Project Area.

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 applicable 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 applicable 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 applicable project area for the 30th year of statutory pass-through payments.

Statutory Pass-Through Obligations. On and after January 1, 1994 (the effective date of AB 1290), the former tax increment revenues a redevelopment agency could receive from a 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. With respect to project areas formed or territory added to existing project areas after January 1, 1994, AB 1290 required redevelopment agencies to commence making pass-through payments under 33607.5 of the Redevelopment Law upon formation of such project areas. 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 January 2 and July 1.

The Redevelopment Plans for the Orangefair Component Project Area, the Central Fullerton Component Project Area, and the East Fullerton Component Project Area were each amended by the City Council pursuant to ordinances adopted on March 5, 2002, in a manner that triggered the payment of statutory pass-through payments pursuant to Section 33607.7 of the Redevelopment Law with respect to such project areas. Accordingly, the Successor Agency is required to make statutory pass-through payments under such section of the Redevelopment Law with respect to such project areas.

The Amended Area was established by the City Council of the City after January 1, 1994, the effective date of AB 1290. However, because the assessed value first exceeded the base year value of the Amended Area in fiscal year 2017-18, the Successor Agency was first required to commence making statutory pass-through payments to taxing entities within such area in such fiscal year pursuant to Section 33607.5.

No Subordination of Statutory Pass-Through Payments. Statutory pass-through payments are payable on a senior basis to debt service on bonds under the Dissolution Act, unless the pass-through 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. The Successor Agency neither requested nor obtained the consent of any of the taxing entities within the Merged Project Area to subordinate their respective rights to receive statutory pass-through payments. Therefore, the payment of debt service on the 2020 Bonds is subordinate to the payment of statutory pass-through payments with respect to the Merged Project Area.

See "APPENDIX H – FISCAL CONSULTANT'S REPORT" for further information regarding the commencement of the Former Agency's obligation to make statutory pass-through payments.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the 2020 Insurer for use in this Official Statement. No representation is made by the Successor Agency or the Underwriter as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. See APPENDIX I for a specimen of the 2020 Policy.

[To come]

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 Funds.

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 then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

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

On May 6, 2020, the Governor issued Executive Order N-61-20, which suspended through May 6, 2021 the imposition of penalties, costs, and interest on overdue property taxes where the taxes owed were not delinquent prior to the March 4, 2020 declaration of a state of emergency and the taxpayer demonstrates to the tax collector [Additionally, on March 24, 2020, the County Auditor-Controller, Treasurer, Tax Collector announced that he would waive penalties for payments made after April 10, 2020, but no later than June 30, 2020 on qualifying properties if

the late payment was a result of an economic or financial hardship and/or inability to tender payment due to a COVID-19 stay-at-home order. Waivers are not automatic and are subject to approval by the County Auditor-Controller, Treasurer, Tax Collector. Property owners are required to submit a claim requesting a waiver to the County Auditor-Controller, Treasurer, Tax Collector together with an explanation for the late payment. If approved, property taxes are required to be paid by June 30, 2020.]

See “PROPERTY TAXATION IN CALIFORNIA – No Teeter Plan.”

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 the Merged Project Area, Tax Revenues may increase or decrease. The projections of Tax Revenues in the Fiscal Consultant's Report and this Official Statement do not include supplemental assessments. See “APPENDIX H – FISCAL CONSULTANT'S REPORT” for additional information regarding supplemental assessments.

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. In addition, the County Auditor-Controller levies a charge as a percentage of gross tax increment revenues from the Merged Project Area for managing the property tax allocation process.

The County's SB 2557 charges and charges for managing the property tax allocation process for fiscal year 2019-20 were approximately 0.663% of the gross tax increment revenues from the Merged Project Area. **The administrative charges of the County described above are payable on a senior basis to debt service on the 2015 Bonds and the 2020 Bonds.**

The projections of Tax Revenues in the Fiscal Consultant's Report and this Official Statement assume that the County's administrative charges for fiscal year 2020-21 and each fiscal year thereafter will be 0.663% of the gross tax increment revenues from the Merged Project Area, based on the County's actual collection charges for fiscal year 2019-20. See “APPENDIX

H – FISCAL CONSULTANT’S REPORT” and “THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage.”

Recognized Obligation Payment Schedule. See “SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules” and “RISK FACTORS – Recognized Obligation Payment Schedules.”

No Teeter Plan

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the Bonds. The County has adopted an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”) for the collection and payment of taxes pursuant to which it pays 100% of the amount levied to participating agencies without regard to the actual amount of collections, but the Successor Agency does not participate in the County’s Teeter Plan and, as a result, the Successor Agency receives only the incremental tax revenues actually collected; therefore, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency’s ability to make timely debt service payments.

See “– Property Tax Collection Procedures – Delinquencies” for a discussion of the Governor’s Executive Order N-61-20 and the acceptance of the Office of the Treasurer-Tax Collector of requests for penalty cancellation requests. See “THE MERGED PROJECT AREA – No Teeter Plan; Annual Tax Receipts to Tax Levy” and “RISK FACTORS – Public Health Emergencies.”

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 was 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.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County Auditor Controller no longer includes the taxable value of utilities as part of the reported taxable values of a project area; therefore, the respective base year value of each of the Component Project Areas and the Amended Area have been reduced by the amount of utility value that existed originally in the base year. The Fiscal Consultant reports that approximately \$534,000 in unitary tax revenue was allocated to the Successor Agency with respect to the Merged Project Area for fiscal year 2019-20.

The projections of Tax Revenues in the Fiscal Consultant's Report and this Official Statement assume that unitary revenues for fiscal year 2020-21 and each fiscal year thereafter will remain constant at the fiscal year 2019-20 amount. See "APPENDIX H – FISCAL CONSULTANT'S REPORT" and "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage."

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 10 prior fiscal years.

<u>Historical Inflation Adjustment Factors</u>	
<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
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
2018-19	2.000
2019-20	2.000
2020-21	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. No such override revenues are pledged as security for the 2020 Bonds.

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 "THE MERGED PROJECT AREA – Appeals of Assessed Values; Proposition 8 Reductions" for information regarding historical and pending appeals of assessed valuations by property owners in the Merged Project Area.

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.

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 XIIIC 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 XIIIC of the State Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the State Constitution. Tax Revenues securing the 2020 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 XIIIB, Article XIIIC 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.

THE SUCCESSOR AGENCY

As described in “INTRODUCTION,” the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to Section 34173 of the Dissolution Act, the City became the Successor Agency to the Former 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 from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City. The City Council convenes as the governing board of the Successor Agency. City staff serves as staff to the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its five members who are elected members of the City Council of the City. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the County 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, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

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 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 on May 10, 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 satisfy 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 DOF approved the Successor Agency’s Long Range Property Management Plan on December 22, 2015.

THE MERGED PROJECT AREA

General

The Merged Project Area (excluding Component Project Area No. 4) consists of a total of 3,082 acres. The Merged Project Area encompasses a significant proportion of the commercially zoned property in the City together with the area surrounding California State University, Fullerton. As previously described, the Merged Project Area was formed with the merger of the Orangefair Component Project Area, the Central Fullerton Component Project Area, the East Fullerton Component Project Area and Component Project Area No. 4 in 2006.

Because the Project Area No. 4 Redevelopment Plan does not provide for the collection or use of incremental tax revenues from Component Project Area No. 4, the discussion in this Official Statement and the Fiscal Consultant's Report regarding the Merged Project Area and the projections of Tax Revenues in this Official Statement and the Fiscal Consultant's Report do not include Component Project Area No. 4.

The Merged Project Area was amended to add the Amended Area in 2009.

The following table provides a summary of the assessed values for the Component Project Areas (other than Component Project Area No. 4) and the Amended Area as of their respective base years and fiscal year 2019-20, together with their respective incremental assessed values and estimated available Tax Revenues.

**Merged Project Area
Summary of Assessed Values and Estimated Tax Increment Revenues
(000s Omitted)**

Component Area	Base Year Assessed Valuation	FY 2019-20 Assessed Valuation	FY 2019-20 Incremental Assessed Valuation	Base Year as % of FY 2019-20 AV	FY 2019-20 Tax Revenues ⁽¹⁾	% of FY 2019-20 Total Available Tax Revenues
Orangefair	\$25,226	\$553,371	\$528,145	4.56%	\$5,307	17.01%
Central Fullerton	64,224	1,147,672	1,083,448	5.60	11,135	35.68
East Fullerton	55,597	1,350,821	1,295,224	4.12	13,152	42.15
Amended Area	1,675,800	1,837,019	161,219	91.22	1,611	5.16
Total	\$1,820,847	\$4,888,883	\$3,068,036	37.24%	\$31,205	100.00%

(1) Estimated.

Source: County Assessor; Urban Futures, Inc.

No Redevelopment Plan Limits

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

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 Plans no longer apply for purposes of paying approved enforceable obligations such as the 2020 Bonds.

Land Use

The following table summarizes the current land use in the Merged Project Area by the number of parcels and by secured assessed value for fiscal year 2019-20. The assessed values shown have been reduced to reflect non-homeowner exemptions. As shown in the following table, land within the Merged Project Area is predominantly used for multi-residential and industrial purposes (approximately 30% and 25%, respectively, in terms of assessed valuation).

TABLE 1
Merged Project Area
Land Use by Net Taxable Secured Assessed Value
Fiscal Year 2019-20

Category	No. of Parcels	Secured Assessed Value	% of Total Secured Assessed Value ⁽¹⁾
Multi-Family Residential	500	\$1,326,660,725	30.36%
Industrial	444	1,079,439,163	24.70
Commercial	822	990,634,121	22.67
Single Family Residential	2,928	972,639,345	22.26
Governmental/Institutional/Other	325	68,100	0.00
Totals	5,019	\$4,369,411,455	100.00%

(1) Based on Fiscal Year 2019-20 secured assessed valuation of \$4,369,441,455.
Source: County Assessor; Urban Futures, Inc.

See “APPENDIX H – FISCAL CONSULTANT’S REPORT” for further information about categories of land uses.

Largest Property Taxpayers

The following table lists the ten largest payers of secured property taxes in the Merged Project Area for fiscal year 2019-20. The total taxable secured assessed valuation of the top ten property taxpayers accounted for 17.00% of the total secured assessed value of the Merged Project Area. See “RISK FACTORS – Concentration of Property Ownership” for a discussion regarding the risks associated with the concentration of ownership among the ten largest payers of secured property taxes in the Merged Project Area.

TABLE 2
Merged Project Area
10 Largest Secured Property Taxpayers
Fiscal Year 2019-20

	Property owner	Primary Land Use	FY 2019-20 Secured Assessed Value	Component Area	% of Total Secured Assessed Value ⁽¹⁾
1.	Aspect Acquisition LLC ⁽²⁾	Multi-Family Residential	\$133,620,000	Orangefair	3.06%
2.	Advanced Group 16-114	Multi-Family Residential	102,999,600	East Fullerton	2.36
3.	University House	Multi-Family Residential	93,186,304	East Fullerton	2.13
4.	Fullerton Luxury Rentals ⁽²⁾	Multi-Family Residential	80,767,902	Central Fullerton	1.85
5.	PK I Fullerton Town ⁽²⁾	Commercial	61,378,960	Orangefair	1.40
6.	BRE-FMCA LLC	Multi-Family Residential	61,031,404	Central Fullerton	1.40
7.	Fullerton Metro Center	Commercial	57,137,875	Orangefair	1.31
8.	Prologis USLV NEWCA 7 LLC	Industrial	53,568,785	Amended Area	1.23
9.	Essex Haver Hill L P	Multi-Family Residential	50,896,170	East Fullerton	1.16
10.	Kimberly-Clark Worldwide ⁽²⁾	Industrial	48,018,398	Amended Area	1.10
Total 10 Largest Taxpayers			\$742,605,398		17.00%

(1) Based on fiscal year 2019-20 secured assessed valuation of \$4,369,441,455.

(2) Owners with assessment appeals pending.

Source: County Assessor; Urban Futures, Inc.

See “APPENDIX H – FISCAL CONSULTANT’S REPORT” for more information regarding the ten largest payers of property taxes in the Merged Project Area.

Historical Assessed Values and Tax Increment Revenues

The following table shows the historical assessed valuations for the Merged Project Area for fiscal years 2015-16 to 2019-20 based upon the County Auditor-Controller's equalized rolls.

TABLE 3
Merged Project Area
Historical Assessed Values
Fiscal Years 2015-16 through 2019-20

	FY 2015-16 ⁽¹⁾	FY 2016-17 ⁽¹⁾	FY 2017-18	FY 2018-19	FY 2019-20
Secured Valuation	\$2,297,233,550	\$2,403,061,011	\$3,882,363,534	\$4,143,653,959	\$4,368,901,825
Utility	108,021	108,021	108,021	73,540	539,630
Total Secured	\$2,297,341,571	\$2,403,169,032	\$3,882,471,555	\$4,143,727,499	\$4,369,441,455
Unsecured	78,152,419	72,104,405	466,248,352	493,199,909	519,441,979
Total Assessed Value	\$2,375,493,990	\$2,475,273,437	\$4,348,719,907	\$4,636,927,408	\$4,888,883,434
Base year Assessed Value	\$149,869,194	\$145,190,114	\$1,812,420,021	\$1,820,889,306	\$1,820,847,106
Incremental Assessed Value	\$2,225,624,796	\$2,330,083,323	\$2,536,299,886	\$2,816,038,102	\$3,068,036,328
% Annual Change – Incremental AV	--	4.69%	8.85%	11.03%	8.95%

(1) Assessed valuation and Base Year amounts exclude values from the Amended Area, as that area had a negative increment in these fiscal years.

Source: County Assessor; Urban Futures, Inc.

See “RISK FACTORS – Reduction in Taxable Value” for the projected decrease in assessed values for fiscal year 2019-20 that the Merged Project Area could withstand before Tax Revenues would be insufficient to pay estimated debt service on the 2015 Bonds and the 2020 Bonds in such fiscal year.

The following table shows the historical assessed valuation, incremental valuation and Tax Revenues.

TABLE 4
Merged Project Area
Historical Assessed Valuation,
Incremental Valuation, and Tax Revenues
Fiscal Years 2015-16 through 2019-20

	FY 2015-16 ⁽¹⁾	FY 2016-17 ⁽¹⁾	FY 2017-18	FY 2018-19	FY 2019-20
Total Assessed Value	\$2,375,493,990	\$2,475,273,437	\$4,348,719,907	\$4,636,927,408	\$4,888,883,434
Incremental Value	2,225,624,796	2,330,083,323	2,536,299,886	2,816,038,102	3,068,036,328
Total Annual Increment ⁽²⁾	22,256,248	23,300,833	25,362,999	28,160,381	30,680,363
Gross RPTTF Collections ⁽³⁾	\$22,615,026	\$25,170,630	\$27,122,121	\$30,109,866	\$31,679,449
Less: County Admin. Fees	(202,817)	(130,710)	(202,399)	(189,379)	(210,005)
Less: Pass-Through Payments	(2,595,672)	(2,953,982)	(3,726,941)	(4,611,408)	(5,424,413)
Tax Revenues	\$19,816,537	\$22,085,938	\$23,192,781	\$25,309,079	\$26,045,031

(1) Total Assessed Value and Incremental Value exclude amounts from the Amended Area, as that area had a negative increment for this fiscal year.

(2) Total Annual Increment calculated at 1% of incremental value.

(3) Based on actual collections, and includes unitary and supplemental revenues.

Source: County Assessor; Urban Futures, Inc.

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. No such override revenues are pledged as security for the 2020 Bonds.

Appeals of Assessed Values; Proposition 8 Reductions

Appeals of Assessed Values. 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 Proposition 8, codified at Section 51(b) 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 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.

Estimated Impact of Pending Assessment Appeals. The Fiscal Consultant reviewed appeals data as of December 23, 2019, received from the County for fiscal years 2013-14 through 2018-19 to determine what impact, if any, pending appeals may have on projected Tax Revenues. The Fiscal Consultant reports that for such period there are 141 appeals pending with respect to assessed values in the Merged Project Area seeking a total reduction in assessed value of approximately \$285 million. According to the Fiscal Consultant's Report and based on information provided by the County, the Fiscal Consultant estimates that, assuming a 1.70% reduction in assessed value (based on the average of actual reductions of assessed value for fiscal years 2013-14 through 2018-19 of 1.70%), the Successor Agency can expect to experience a further reduction in assessed value of the Merged Project Area of approximately \$4.9 million, thereby

resulting in a reduction in Tax Revenues from the Merged Project Area of approximately \$490,000. The projections of Tax Revenues from the Merged Project Area prepared by the Fiscal Consultant and set forth in this Official Statement do not take into account reductions in assessed values related to pending appeals based on such estimate. See “APPENDIX H – FISCAL CONSULTANT’S REPORT” and “– Projected Tax Revenues and Estimated Debt Service Coverage.”

The following table includes certain appeals data that are incorporated into the Fiscal Consultant’s projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement.

TABLE 5
Merged Project Area
Historical and Projected Assessment Appeals Summary
Fiscal Years 2013-14 through 2018-19

Historical Assessment Appeals			Estimated Impact of Pending Assessment Appeals		
Total Appeals Filed	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Appealed Value	Estimated AV Loss on Pending Appeals Allowed ⁽¹⁾
325	79	1.70%	141	\$285,325,787	\$4,855,829

(1) Estimated loss on pending appeals is not included in the projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement. See “APPENDIX H – FISCAL CONSULTANT’S REPORT” and “– Projected Tax Revenues and Estimated Debt Service Coverage.”

Source: County Auditor-Controller; Urban Futures, Inc.

Proposition 8 Reductions. As discussed in “PROPERTY TAXATION IN CALIFORNIA – Proposition 8” above, Proposition 8 allows a temporary reduction in assessed value when the current market value of a property is less than the current assessed value as of the lien date. Due to the economic recession experienced in much of the State beginning in 2008, assessed values of certain property within the Merged Project Area were temporarily reduced pursuant to Proposition 8. The Fiscal Consultant reports that information regarding assessed values of parcels within the Merged Project Area that are the subject of temporary reductions pursuant to Proposition 8 is not available from the County. For purposes of the projections of Tax Revenues included in the Fiscal Consultant’s Report and this Official Statement, the Fiscal Consultant has assumed that no Proposition 8 reductions or restorations will occur in fiscal year 2019-20 or any fiscal year thereafter.

No Teeter Plan; Annual Tax Receipts to Tax Levy

As discussed above, the County has adopted a Teeter Plan with respect to secured property taxes, but the Successor Agency does not participate in the such plan. This means that the County Auditor-Controller apportions tax revenues to the Redevelopment Property Tax Trust Fund based upon the amount of the tax levy that is received from the taxpayers. The following table shows the historical tax increment collections for the Merged Project Area for fiscal years 2015-16 to 2019-20 based upon the County Auditor-Controller's equalized rolls.

TABLE 6
Merged Project Area
Historical Tax Increment Collections
Fiscal Years 2015-16 through 2019-20

Fiscal Year	Original Tax Charge	Unpaid Amount	Unpaid Percentage
2015-16	\$23,627,424	\$845,023	3.58%
2016-17	24,877,068	740,334	2.98
2017-18	27,978,246	359,729	1.29
2018-19	30,687,748	217,471	0.71
2019-20 ⁽¹⁾	31,695,086	342,366	1.08

(1) Through June 19, 2020.

Source: County Assessor; Urban Futures, Inc.

Delinquency rates are generally higher during a recession, and the Successor Agency anticipates that the delinquency rates may be higher than current rates in future years depending on the length of time it takes for the economy to recover from COVID-19 impacts. See "RISK FACTORS – Public Health Emergencies."

Transfers of Ownership; New Development

Changes in assessed value due to transfers of ownership occurring after the lien dates for fiscal years 2019-20 and 2020-21 will affect the taxable values for fiscal years 2020-21 and 2021-22, respectively. However, such changes in assessed value are not included in the projections of Tax Revenues set forth in the Fiscal Consultant's Report or this Official Statement to reflect new development.

In addition, according to the Fiscal Consultant, new development continues to occur within the Merged Project Area that is above and beyond changes of ownership but no additional value has been included in the projections of Tax Revenues in the Fiscal Consultant's Report or this Official Statement.

Projected Tax Revenues and Estimated Debt Service Coverage

The Fiscal Consultant prepared projections of Tax Revenues assuming 0% incremental growth in assessed values of real property commencing in fiscal year 2020-21 and each fiscal year thereafter and is shown in Table 7. Table 8 shows projected debt service coverage commencing with fiscal year 2020-21 based on total debt service on the 2015 Bonds and the 2020 Bonds assuming 0% incremental growth as projected in Table 7. The Fiscal Consultant also prepared projections of Tax Revenues assuming 2% incremental growth in assessed values of real property commencing in fiscal year 2020-21 and each fiscal year thereafter. Such projections are included in the Fiscal Consultant's Report. There can be no assurance that actual tax increment revenues from the Merged Project Area will be at least equal to those projected on Table 7 and 8 or in the Fiscal Consultant's Report. See "APPENDIX H – FISCAL CONSULTANT'S REPORT."

As previously described, the projections of Tax Revenues and RPTTF Revenues in this Official Statement and the Fiscal Consultant's Report do not include any impact that the COVID-19 pandemic may have on assessed values within the Merged Project Area in the future. Other assumptions made by the Fiscal Consultant in calculating the projected Tax Revenues in Table 7 are described in the Fiscal Consultant's Report. See "APPENDIX H – FISCAL CONSULTANT'S REPORT."

For a discussion of certain matters that will or could cause actual tax increment revenues from the Merged Project Area in the future to be less than those projected in this Official Statement, see "RISK FACTORS."

TABLE 7
Merged Project Area
Projection of Assessed Values and Tax Revenues
(Assuming No Annual Growth)

Fiscal Year Ending June 30	Total Assessed Value ⁽¹⁾	Total Incremental Assessed Value ⁽²⁾	Gross Tax Increment ⁽³⁾	Less: County Admin. Fees ⁽⁴⁾	Less: Statutory Pass- Through Payments ⁽⁵⁾	Tax Revenues
2021	\$4,986,661,103	\$3,165,813,997	\$32,192,382	\$213,403	\$5,612,988	\$26,365,991
2022	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2023	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2024	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2025	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2026	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2027	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2028	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991

(1) [Based on fiscal year 2019-20 actual assessed value, with assumed 0% inflationary growth in fiscal year 2020-21 and zero assumed annual growth thereafter.]

(2) Incremental assessed valuation over base year valuation of \$1,820,847,106

(3) Gross tax increment based on 1.00% tax rate, with unitary revenue of \$534,242.

(4) Estimated at 0.663% of annual Gross Tax Increment, based on actual fiscal year 2019-20 amount.

(5) Statutory pass-through payments required to be paid pursuant to Sections 33607.5 and 33607.7. See "SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments"

Source: Urban Futures, Inc.

TABLE 8
Merged Project Area
Estimated Debt Service Coverage
(Assuming No Annual Growth)

Fiscal Year Ending June 30	Tax Revenues	Debt Service on 2015 Bonds ⁽¹⁾⁽²⁾	Debt Service on 2020 Bonds ^{*(1)}	Total Debt Service ^{*(1)}	Debt Service Coverage [*]
2021	\$26,365,991	\$1,285,750			
2022	26,365,991	1,285,000			
2023	26,365,991	1,291,000			
2024	26,365,991	1,295,500			
2025	26,365,991	1,050,625			
2026	26,365,991	--			
2027	26,365,991	--			
2028	26,365,991	--			

(1) Represents Bond Year debt service. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules – Relevant Covenant by the Successor Agency" for a description of the Successor Agency's covenant to file Recognized Obligation Payment Schedules for information regarding the timing of anticipated distributions of Tax Revenues to the Successor Agency.

(2) The final payment of debt service on the 2015 Bonds is March 1, 2025.

** Preliminary; subject to change.*

Source: Urban Futures, Inc.; Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2020 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Risks to Real Estate Market

The owners of the 2020 Bonds will be subject to the risks generally incident to an investment secured by real estate and the Successor Agency's ability to make payments on the 2020 Bonds will be dependent upon the economic strength of the Merged Project Area. The general economy of the Merged Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by (i) changes in general economic conditions, (ii) fluctuations in the real estate market and interest rates, (iii) unexpected increases in development costs, (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the Merged Project Area, and by (v) other similar factors. Further, real estate development within the Merged Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of the Merged Project Area, the owners of property within such project area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Merged Project Area.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (the "WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness first identified in Wuhan, China. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world.

On March 4, 2020, the Governor of California (the "**Governor**") proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary. On March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the

United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In response to the outbreak of COVID-19, the California State Public Health Officer and Director of the California Department of Public Health has ordered all individuals living in the State of California to stay home or at their place of residence ("**State Stay Home Order**"), except as needed to maintain continuity of operation of the critical infrastructure sectors, critical government services, schools, and construction, including housing construction. The State Stay Home Order remains in place until further notice. [To be updated]

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. [To be updated]

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The City expects to hold meetings of its City Council substantially unhindered by the COVID-19 pandemic. As permitted under Executive Order N-33-20, certain of the City's employees may continue to come to work under designated exceptions for critical sectors and some of the City's employees are teleworking. The City does not expect its business operations to be materially curtailed by employee absences prompted by the stay-home order. However, the City offers no assurances that City Council member or employee absences due to COVID-19 illnesses will not materially and adversely impact its operations.

The impact of COVID-19 and the Stay Home Orders is likely to evolve over time, which could adversely impact the development within the Merged Project Area as a whole. See "– Risks to Real Estate Market."

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Also uncertain are the actions that may be taken by Federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the finances of the Successor Agency is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the Successor Agency's operations and finances.

The 2020 Bonds are limited obligations of the Successor Agency, payable from and secured by the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established under the Indenture as described in this Official Statement. Any information in the Official Statement about the City's finances does not suggest that the City has an obligation to pay debt service on the 2020 Bonds. Neither the Successor Agency nor the Underwriter can predict the ultimate effects of the COVID-19 outbreak or whether any such effects will not have material adverse effect on the Successor Agency's ability to pay debt service on the 2020 Bonds. See "SECURITY FOR THE 2020 BONDS – Limited Obligation" herein.

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, on or before each February 1 commencing February 1, 2016, the Successor Agency shall submit to the Oversight Board and the DOF a Recognized Obligation Payment Schedule unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed by the Successor Agency and is approved by the DOF 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, neither Tax Revenues nor Redevelopment Property Tax Trust Fund Revenues will 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 2020 Bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule as required, the availability of Tax Revenues and Redevelopment Property Tax Trust Fund Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE 2020 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.

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight 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 are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do 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 (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) 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 (U.S. Const. amend. V; Cal Const. art. 1 § 19) 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 2020 Bonds.

Concentration of Property Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within a project area is concentrated among a relatively few number of property owners.

Within the Merged Project Area, the total taxable secured assessed valuation of the top ten property taxpayers for fiscal year 2019-20 was approximately \$743 million, which accounted for 17.00% of the total secured assessed value of the Merged Project Area. See "THE MERGED PROJECT AREA – Largest Property Taxpayers."

Significant reduction in the assessed values of the largest taxpayers in the Merged Project Area could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the 2020 Bonds as such payments become due and payable.

Reduction in Taxable Value

Tax Revenues available to pay principal of and interest on the 2020 Bonds are determined by the amount of incremental taxable value in the Merged Project Area, respectively, and the current rate or rates at which property in such project areas is taxed. The reduction of taxable values of property in the Merged Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of such project area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, a prolonged recession, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues available to pay debt service on the 2020 Bonds. Such reduction of Tax Revenues available to pay debt service on the 2020 Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the 2020 Bonds.

Based on estimated debt service on the 2020 Bonds and other assumptions reflected in the projections of Tax Revenues in this Official Statement and the Fiscal Consultant's Report, the Successor Agency projects that assessed values for fiscal year 2019-20 in the Merged Project Area could withstand a decrease of approximately \$3.81 billion or 78% before Tax Revenues would be insufficient to pay estimated debt service on the 2015 Bonds and the 2020 Bonds in such fiscal year.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

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 2020 Bonds could reduce Tax Revenues available to pay debt service on the 2020 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of 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 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 Tax Revenues available to pay debt service on the 2020 Bonds and adversely affect the source of repayment and security of the 2020 Bonds.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Merged Project Area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in the tax increment revenues from the Merged Project Area as a result of assessment appeals. The actual impact to tax increment and, therefore, Tax Revenues is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Merged Project Area and information regarding pending and resolved assessment appeals for the Successor Agency, see "THE MERGED PROJECT AREA – Appeals of Assessed Values; Proposition 8 Reductions" and "APPENDIX H – FISCAL CONSULTANT'S REPORT."

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Merged Project Area whether an increase or a reduction, will be realized in the future. See "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution."

Levy and Collection of Taxes

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 Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the 2020 Bonds.

Delinquencies in the payment of property taxes by the owners of land in the Merged Project Area, 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 2020 Bonds. See "THE MERGED PROJECT AREA – No Teeter Plan; Annual Tax Receipts to Tax Levy" and "– Projected Tax Revenues and Estimated Debt Service Coverage" for recent property tax collection rates for the Merged Project Area, and a description of the debt service coverage on the 2020 Bonds, respectively.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax 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 2020 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 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 2020 Bonds. See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the 2020 Bonds, the Successor Agency made certain assumptions with regard to present and future assessed valuation in the Merged Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the 2020 Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of and interest on the 2020 Bonds.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" above.

Hazardous Substances

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

Natural Disasters

The value of the property in the Merged Project Area 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 the Merged Project Area could be diminished in

the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Seismic. Generally, within the State, some level of seismic activity occurs on a regular basis. During the past 150 years, the Southern California area has experienced several major and numerous minor earthquakes. The City is located within a regional network of several active and potentially active faults. Eight faults could potentially cause damage in the City. Only one, the 17-mile long Norwalk Fault, actually traverses the City. Other faults within the vicinity of the City are the Whittier/Elsinore Fault, the Newport/Inglewood Fault, the Sierra Madre/San Fernando/Santa Susana Fault, the Palos Verdes Fault, the San Jacinto Fault and the San Andreas Fault. A 5.1 magnitude earthquake along the Puente Hills thrust fault and centered in the City of La Habra, adjacent to the City, occurred on March 28, 2014, which resulted in significant short term damage in a very limited portion of the City.

The occurrence of severe seismic activity in the Merged Project Area could result in substantial damage to property located in the Merged Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction could result in a decrease in Tax Revenues collected by the Successor Agency.

Flooding. A majority of the property within the Merged Project Area is not within any designated flood plain areas.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. The City is also reliant on other entities and service providers in connection with the administration of the 2020 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2020 Bond owners.

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues available to pay debt service on the 2020 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020 Bonds, or, if a secondary market exists, that the 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Bond Insurance

In the event of default in the payment of the scheduled principal of or interest on the 2020 Insured Bonds when all or some becomes due, the Trustee on behalf of any owner of the 2020 Insured Bonds will have a claim under the 2020 Policy for such payments. Under certain circumstances, 2020 Insurer may direct and must consent to any remedies with respect to the 2020 Insured Bonds and the 2020 Insurer's consent may be required in connection with certain amendments to or actions taken under any applicable documents relating to the 2020 Insured Bonds. See Appendix A — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The long-term ratings on the 2020 Insured Bonds are dependent in part on the financial strength of the 2020 Insurer and its claims paying ability. The 2020 Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2020 Insurer and the ratings on the 2020 Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2020 Insured Bonds or the marketability (liquidity) for the 2020 Insured Bonds. See "CONCLUDING INFORMATION — Ratings" herein.

The obligations of the 2020 Insurer are unsecured contractual obligations and in an event of default by the 2020 Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the 2020 Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2020 Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to make the payments on the 2020 Insured Bonds and the claims paying ability of the 2020 Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information regarding the 2020 Insurer and the 2020 Policy, which includes further instructions for obtaining current financial information concerning the 2020 Insurer.

TAX MATTERS

2020A Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2020A Bonds is based upon certain representations of fact and certifications made by the Successor Agency and others and is subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Successor Agency has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a beneficial owner of the 2020A Bonds before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a beneficial owner of the 2020A Bonds will increase the beneficial owner's basis in the applicable 2020A Bond. The amount of original issue discount that accrues to the beneficial owner of the 2020A Bonds is excluded from the gross income of such beneficial owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2020A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2020A Bond Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received with respect to the 2020A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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 2020A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2020A Bonds might be affected as a result of such an audit of the 2020A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2020A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2020A BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2020A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2020A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2020A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2020A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any 2020A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes provided that the Successor Agency continue to comply with certain requirements of the Code, the ownership of the 2020A Bonds and the accrual or receipt of interest (and original issue discount) on the 2020A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020A Bonds.

Should interest (and original issue discount) on the 2020A Bonds become includable in gross income for federal income tax purposes, the 2020A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

2020B Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2020B Bonds is *not* excluded from gross income for federal income tax purposes under Section 103 of the Code, but is exempt from State of California personal income tax.

The amount by which a beneficial owner of a 2020B Bond's original basis for determining loss on sale or exchange in the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable premium, which the beneficial owner of a 2020B Bond may elect to amortize under Section 171 of the Code; such amortizable premium reduces the beneficial owner's basis in the applicable 2020B Bond (and the amount of taxable interest received with respect to the 2020B Bond), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of premium may result in a beneficial owner of the 2020B Bonds realizing a taxable gain when a 2020B Bond is sold by the beneficial owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the beneficial owner. The beneficial owner of the 2020B Bonds that have a basis in the 2020B Bonds that is greater than the principal amount of the 2020B Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the 2020B Bonds, such 2020B Bonds might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable 2020B Bonds Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the 2020B Bonds Owner's adjusted tax basis in such 2020B Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a 2020B Bond Owner's particular situation. The ownership and disposal of the 2020B Bond and the accrual or receipt of interest with respect to the 2020B Bond may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE 2020B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE 2020B BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B.

CONCLUDING INFORMATION

Underwriting

The 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed to purchase the 2020A Bonds at a price of \$_____ (being the principal amount of the 2020A Bonds plus an original issue premium of \$_____ and less an Underwriter’s discount of \$_____). The Underwriter has agreed to purchase the 2020B Bonds at a price of \$_____ (being the principal amount of the 2020B Bonds plus an original issue premium of \$_____ and less an Underwriter’s discount of \$_____).

The Underwriter may offer and sell 2020 Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering price may be changed from time to time by the Underwriter.

Legal Opinion

The final approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, will be furnished to the purchasers at the time of delivery of the 2020 Bonds. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2020 Bonds is set forth in “APPENDIX B – FORM OF BOND COUNSEL OPINION.” In addition, certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel, and by Kutak Rock LLP, Irvine, California, as Underwriters’ Counsel. Certain legal matters will be passed on for the Successor Agency by Jones & Mayer, City Attorney of the City, as general counsel to the Successor Agency.

Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the sale and delivery of the 2020 Bonds.

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 2020 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 2020 Bonds or which, in any manner, questions the right of the Successor Agency to use the Tax Revenues for repayment of the 2020 Bonds or affects in any manner the right or ability of the Successor Agency to collect or pledge the Tax Revenues. See, however, “RISK FACTORS – Challenges to Dissolution Act.”

Ratings

S&P is expected to assign its rating of “___” to the 2020 Insured Bonds with the understanding that the 2020 Policy will be issued by the 2020 Insurer concurrently with the delivery of the 2020 Insured Bonds. S&P has also assigned an underlying rating of “___” to the 2020 Bonds.

The ratings issued reflect only the view of S&P as to the credit quality of the 2020 Bonds, and explanation of the significance of the ratings may be obtained from S&P. Generally, rating

agencies base their ratings on information and materials furnished to them (which may include information and material from the Successor Agency which is not included in this Official Statement) and on investigations, studies and assumptions by rating agencies.

There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the 2020 Bonds.

Municipal Advisor

The Successor Agency has retained Urban Futures, Inc., Tustin, California, as Municipal Advisor in connection with the authorization and issuance of the 2020 Bonds. The Municipal Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. The Municipal Advisor's compensation is contingent upon the sale and delivery of the 2020 Bonds.

Continuing Disclosure

The Successor Agency will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than March 31 after the end of each fiscal year of the Successor Agency (currently June 30), commencing not later than March 31, 2021 with the report for the 2019-20 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed 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 D – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The City and its related entities, including the Successor Agency, previously entered into certain disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the past five years, the County and such related entities have, in some instances, failed to comply with their undertakings. In particular, _____. [To be updated]

To ensure compliance with the continuing disclosure undertakings of the City and its related entities under the Rule, the City Manager as Executive Director is responsible for preparing and filing annual disclosure reports. Additionally, U.S. Bank National Association has been selected by the Successor Agency to serve as dissemination agent with respect to the Successor Agency's undertaking for the 2020 Bonds under the Rule.

Except as disclosed in this Official Statement, within the last five years, the City and its related entities have not failed to timely comply with their respective prior continuing disclosure obligations under the Rule.

Audited Financial Statements

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the "**City CAFR**") is attached as Appendix E. The City CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, 2019. The Successor Agency's audited financial statements were audited by Lance Soll & Lunghard, LLP, Brea, California (the "**Auditor**"). The Auditor has not been asked to consent to the inclusion of the Successor Agency's audited financial statements in this Official Statement and has not reviewed this Official Statement. See "APPENDIX E – CITY OF FULLERTON COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019."

As described in "SECURITY FOR THE 2020 BONDS – Limited Obligation," the 2020 Bonds are payable from and secured by a pledge of Tax Revenues and the 2020 Bonds are not a debt of the City.

Miscellaneous

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plans, 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.

This Official Statement does not constitute a contract with the purchasers of the 2020 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance of the 2020 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2020

Successor Agency the Fullerton Redevelopment Agency
Fullerton, California

Re: Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A and 2020B (Federally Taxable)

Members of the Board:

We have examined a certified copy of the record of the proceedings of the Successor Agency to the Fullerton Redevelopment Agency (the "Successor Agency") relative to the issuance of the \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the "2020A Bonds") and the \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the "2020B Bonds" and, together with the 2020A Bonds, the "2020 Bonds"), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Successor Agency, the initial purchaser of the 2020 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2020 Bonds are being issued pursuant to a First Supplemental Indenture of Trust, dated as of _____ 1, 2020 (the "First Supplement"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), which amends and supplements the Indenture of Trust dated as of February 1, 2015 (the "Original Indenture" and, together with the First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee. The 2020 Bonds mature on the dates and in the amounts referenced in the First Supplement. The 2020 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the First Supplement. The 2020 Bonds are registered in the forms set forth in the First Supplement.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The 2020 Bonds have been duly and validly authorized by the Successor Agency and are legal, valid and binding special obligations of the Successor Agency, secured and payable

solely from Tax Revenues (as such term is defined in the Indenture) and other sources as and to the extent provided for in the Indenture. The 2020 Bonds are special obligations of the Successor Agency but are not a debt of the City of Fullerton, the County of Orange, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and none of the City of Fullerton, the County of Orange, the State of California or any other of its political subdivisions, except the Successor Agency, is liable for the payment thereof.

2. The Indenture has been duly authorized by the Successor Agency, is valid and binding upon the Agency, is enforceable in accordance with its terms and creates a valid pledge of that which the Indenture purports to pledge.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest (and original issue discount) on the 2020 Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2020A Bond owner will increase the 2020A Bond Owner's basis in the applicable 2020A Bond. The amount of original issue discount that accrues to the 2020A Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations and is exempt from State personal income tax.

6. The amount by which a 2020A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the 2020A Bond Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2020A Bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

7. The amount by which a 2020B Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable premium, which the Owner of a 2020B Bond may elect to amortize under Section 171 of the Code; such amortizable premium reduces the 2020B Bond Owner's basis in the applicable 2020B Bond (and the amount of taxable interest received with respect to the 2020B Bonds), and is deductible for

federal income tax purposes. The basis reduction as a result of the amortization of premium may result in a 2020B Bond Owner realizing a taxable gain when a 2020B Bonds is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the Owner. The Owners of the 2020B Bonds that have a basis in the 2020B Bonds that is greater than the principal amount of the 2020B Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds are based upon certain representations of fact and certifications made by the Successor Agency and are subject to the condition that the Successor Agency comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that such interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Successor Agency has covenanted to comply with all such requirements.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement ends as of the date of issuance of the 2020 Bonds. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds for federal income tax purposes with respect to any 2020A Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2020 Bonds.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2020 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinions are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2020 Bonds or other offering material relating to the 2020 Bonds and expressly disclaim any duty to advise the owners of the 2020 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C 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 2020 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2020 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2020 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 2020 Bonds. The 2020 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 2020 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 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 2020 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 2020 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 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 2020 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY

\$ _____
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020A

\$ _____
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020B
(FEDERALLY TAXABLE)

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (collectively, the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2015, by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020, by and between the Successor Agency and the Trustee (as so amended and supplemented, the “**Indenture**”).

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 of the Successor Agency 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 nine months after the end of the Successor Agency’s fiscal year (currently March 31 based on the Successor Agency’s fiscal year end of June 30).

“*City*” means the City of Fullerton, California.

“*Dissemination Agent*” means, initially, U.S. Bank National Association 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 Stifel, Nicolaus & Company, Incorporated, the original underwriter 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 March 31, 2021, with the report for the 2019-20 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; provided further that, in the event the Successor Agency’s audited financial statements for any fiscal year are included as part of the annual report of the City for such fiscal year, the audited financial statements of the Successor Agency may be submitted together with such annual report of the City so long as such annual report includes the information required in Sections 3 and 4 of this Disclosure Certificate. 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(b). 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 under the Indenture.

(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) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine prior to each 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 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, the following financial information and operating data with respect to the Successor Agency: [Underwriter to confirm]

(i) information showing the total secured and unsecured assessed valuation of taxable properties in the Merged Fullerton Redevelopment Project Area (the "Merged Project Area") during the most recent completed fiscal year;

(ii) information showing the total amount of Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year;

(iii) the total amount by which Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year provided coverage for annual debt service on the Bonds;

(iv) in the event the debt service coverage ratio (as disclosed pursuant to the preceding clause (iii)) is less than 200% in the most recent completed fiscal year, (A) information showing the top 10 taxpayers in the Merged Project Area during the most recent completed fiscal year, and the total assessed valuation represented thereby and the percent of the total taxable assessed value of all properties in the Merged Project Area, and (B) information on appeals by top ten taxpayers in the Merged Project Area, to the extent information regarding such appeals is available to the Successor Agency from appropriate officials of the County of Orange.

(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.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

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

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

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

(d) For purposes of this Disclosure 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.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

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(b).

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 the U.S. Bank National Association. 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 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(b).

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 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.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: _____, 2020

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
U.S. BANK NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT

By: _____

Name: _____

Title: _____

APPENDIX E

**CITY OF FULLERTON COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – CITY OF FULLERTON AND COUNTY OF ORANGE

The following information is included only for the purpose of supplying general information regarding the City of Fullerton (the “City”) and the County of Orange (the “County”). This information is provided only for general informational purposes, and provides prospective investors limited information about the City and County and its economic base. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions, except the Successor Agency, and neither the City, the County, the State nor any of its political subdivisions, except the Successor Agency, is liable therefor.

The following information regarding the City and County is the latest available, but in certain cases is as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City or County.

General

The City. The City is located in Southern California, approximately 25 miles southeast of the City of Los Angeles, and covers approximately 22.4 square miles. The City, first settled in 1887 and incorporated in 1904, operates as a general law city, governed by a non-partisan, five-member City Council elected to serve staggered four-year terms.

The City provides the full range of services normally associated with a municipality, including police and fire protection, highways and streets, parks and recreation, library, planning and zoning, building and engineering, various maintenance services and administration. Parking and airport facilities, water, sewer and storm drainage area also provided. The school districts in the City are separate governmental entities which receive no funding from the City.

The County. The County encompasses 798 square miles in Southern California, bordered on the north by Los Angeles and San Bernardino Counties, on the east by Riverside County, on the southeast by San Diego County and on the west and southwest by the Pacific Ocean. There are 34 cities within the County.

Population

Population figures for the City, the County and the State for the years 2015 through 2019 are shown in the following table.

CITY OF FULLERTON, ORANGE COUNTY AND STATE OF CALIFORNIA POPULATION ESTIMATES

<u>Area</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Fullerton	140,885	141,769	142,614	142,787	141,931
Orange County	3,152,314	3,172,222	3,198,968	3,221,103	3,222,498
State of California	38,912,464	39,179,627	39,500,973	39,809,693	39,927,315

Source: State of California, Department of Finance, as of January 1.

Employment and Industry

The unemployment rate in Orange County was 13.8 percent in April 2020, up from a revised 3.7 percent in March 2020, and above the year-ago estimate of 2.5 percent. This compares with an unadjusted unemployment rate of 16.1 percent for California and 14.4 percent for the nation during the same period.

The following table summarizes the civilian labor force, employment and unemployment in the County for calendar years 2015 through 2019. As a result of the COVID-19 pandemic, the Successor Agency anticipates that the unemployment rate in the County will increase above these levels and the increase may be significant.

ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION (Orange County) Annual Average Labor Force Employment by Industry March 2019 Benchmark

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Civilian Labor Force ⁽¹⁾	1,584,300	1,597,300	1,607,800	1,617,900	1,623,400
Employment	1,513,500	1,532,700	1,551,500	1,569,800	1,578,300
Unemployment	70,800	64,500	56,300	48,100	45,100
Unemployment Rate	4.5%	4.0%	3.5%	3.0%	2.8%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	2,400	2,400	2,100	2,000	1,900
Mining and Logging	400	300	500	500	500
Construction	91,700	97,400	101,800	106,300	106,400
Manufacturing	157,800	158,200	160,700	160,700	159,800
Wholesale Trade	78,900	78,600	79,000	79,800	79,400
Retail Trade	151,600	152,600	153,500	152,600	150,500
Transportation, Warehousing and					
Utilities	26,900	27,200	28,000	29,200	29,500
Information	24,900	26,000	26,800	26,700	26,100
Finance and Insurance	78,800	79,500	80,700	79,300	77,800
Real Estate and Rental and					
Leasing	37,600	38,600	38,900	39,400	39,600
Professional and Business Services	289,200	299,300	304,400	317,000	328,200
Educational and Health Services	198,900	206,200	215,900	224,700	231,800
Leisure and Hospitality	203,800	212,000	218,100	222,600	228,000
Other Services	48,900	50,500	50,300	51,400	52,000
Federal Government	11,200	11,300	11,300	11,100	11,000
State Government	30,800	31,400	31,400	32,000	33,000
Local Government	114,500	116,900	117,500	118,200	118,900
Total, All Industries ⁽³⁾	1,548,300	1,588,300	1,620,800	1,653,200	1,674,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major manufacturing and non-manufacturing employers in the County.

COUNTY OF ORANGE MAJOR EMPLOYERS, LISTED ALPHABETICALLY June 2020

Employer Name	Location	Industry
Allergan Inc	Irvine	Drug Millers (mfrs)
American Funds	Irvine	Services NEC
Anaheim City Hall	Anaheim	Government Offices-City/Village & Twp
Auto Club of S California	Costa Mesa	Automobile Clubs
B Braun Medical Inc	Irvine	Physicians & Surgeons Equip & Supls-Mfrs
Boeing Co	Seal Beach	Aerospace Industries (mfrs)
Boeing Co	Huntington Beach	Aircraft-Manufacturers
Broadcom Corp	Irvine	Semiconductors & Related Devices (mfrs)
California State Univ Flrtn	Fullerton	Schools-Universities & Colleges Academic
Choc Children's	Orange	Hospitals
Edwards Lifesciences Corp	Irvine	Biotechnology Products & Services
Fairview Developmental Ctr	Costa Mesa	Hospitals
Fountain Valley Regional Hosp	Fountain Valley	Hospitals
Hoag Hospital Newport Beach	Newport Beach	Hospitals
James R Glidewell Dental Crmcs	Irvine	Dentists
Kaiser Permanente Orange	Anaheim	Hospitals
Laguna Woods Village Cmnty Ctr	Laguna Woods	Senior Citizens Service
Media Relations Dept-Ca Dept	Anaheim	Government Offices-State
Mflex	Irvine	Electronic Equipment & Supplies-Mfrs
Quest Diagnostics	San Juan Cpstrno	Laboratory Analytical Instruments (mfrs)
St Joseph Hospital	Orange	Hospitals
St Jude Medical Ctr	Fullerton	Hospitals
University of Ca-Irvine	Irvine	Schools-Universities & Colleges Academic
University-Ca Irvine Anteater	Irvine	Stadiums Arenas & Athletic Fields

Source: State of California Employment Development Department; America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

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 than 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, the County, the State and the United States for the period 2016 through 2020.

CITY OF FULLERTON AND COUNTY OF ORANGE EFFECTIVE BUYING INCOME 2016 THROUGH 2020

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2016	City of Fullerton	\$3,595,428	\$58,891
	Orange County	90,963,458	64,420
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Fullerton	\$3,721,893	\$59,891
	Orange County	95,757,421	66,303
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Fullerton	\$3,954,578	\$62,253
	Orange County	100,982,959	69,088
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Fullerton	\$4,347,648	\$66,171
	Orange County	108,768,390	73,894
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Fullerton	\$4,420,698	\$68,666
	Orange County	110,301,021	75,672
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

During calendar year 2019, total taxable transactions in the City were reported to be \$1,999,711,000, a 2.94% increase over the total taxable transactions of \$1,942,587,000 that were reported in the City during calendar year 2018. A summary of historic taxable sales within the City during the past five years is shown in the following table.

CITY OF FULLERTON TAXABLE TRANSACTIONS (FIGURES IN THOUSANDS)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	2,522	\$1,344,304	4,218	\$1,739,878
2016	2,527	1,374,267	4,309	1,781,290
2017	2,539	1,432,091	4,367	1,842,472
2018	2,601	1,532,079	4,558	1,942,587
2019	2,688	1,562,115	4,796	1,999,711

(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 Department of Tax and Fee Administration.

During calendar year 2019, total taxable transactions in the County were reported to be \$69,499,158,000, a 3.00% increase over the total taxable transactions of \$67,468,616,000 that were reported in the County during calendar year 2018. A summary of historic taxable sales within the County during the past five years is shown in the following table.

COUNTY OF ORANGE TAXABLE TRANSACTIONS (FIGURES IN THOUSANDS)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	42,778	\$41,589,926	110,717	\$61,358,087
2016	68,570	42,269,771	112,477	62,511,421
2017	68,701	43,666,470	113,180	64,551,424
2018	69,228	46,078,187	117,633	67,468,616
2019	71,305	47,044,198	122,989	69,499,158

(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 Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and County.

CITY OF FULERTON BUILDING PERMIT VALUATION (VALUATION IN THOUSANDS OF DOLLARS)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$12,541.1	\$7,648.4	\$7,369.3	\$6,780.6	\$3,735.8
New Multi-family	41,423.9	11,662.8	22,372.1	7,166.7	32,140.5
Res. Alterations/Additions	<u>3,881.8</u>	<u>3,862.3</u>	<u>3,759.4</u>	<u>12,136.2</u>	<u>2,070.2</u>
Total Residential	57,846.8	11,510.7	33,500.8	26,083.5	37,946.5
New Commercial	224.3	2,132.6	4,968.7	1,597.9	14,015.7
New Industrial	0.0	12,384.3	26,965.9	0.0	0.0
New Other	21,705.7	1,605.4	853.4	1,099.8	182.6
Com. Alterations/Additions	<u>13,975.2</u>	<u>16,872.5</u>	<u>13,401.6</u>	<u>9,863.6</u>	<u>3,408.1</u>
Total Nonresidential	35,905.2	32,994.8	46,189.6	12,561.3	17,606.4
<u>New Dwelling Units</u>					
Single Family	40	26	20	21	17
Multiple Family	<u>331</u>	<u>72</u>	<u>190</u>	<u>57</u>	<u>307</u>
TOTAL	371	98	210	78	324

Source: Construction Industry Research Board, *Building Permit Summary*

ORANGE COUNTY BUILDING PERMIT VALUATION (VALUATION IN THOUSANDS OF DOLLARS)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$1,288,428.2	\$1,464,920.6	\$1,809,779.3	\$1,442,020.5	\$1,094,688.2
New Multi-family	1,052,113.5	1,195,586.5	880,561.8	726,503.6	1,010,555.6
Res. Alterations/Additions	<u>486,341.4</u>	<u>491,132.6</u>	<u>498,259.7</u>	<u>582,094.5</u>	<u>537,089.8</u>
Total Residential	2,826,883.1	3,151,639.7	3,188,600.8	2,750,618.6	2,642,313.6
New Commercial	424,477.1	1,108,887.3	722,479.7	1,986,089.1	1,586,162.0
New Industrial	87,486.0	39,419.9	108,452.3	24,323.9	2,412.5
New Other	485,406.4	401,467.1	338,024.7	289,986.9	229,473.5
Com. Alterations/Additions	<u>1,205,735.8</u>	<u>1,102,344.6</u>	<u>921,072.1</u>	<u>1,231,885.1</u>	<u>1,334,453.1</u>
Total Nonresidential	2,203,105.3	2,652,118.9	2,090,028.8	3,532,285.0	3,152,501.1
<u>New Dwelling Units</u>					
Single Family	3,667	4,226	5,097	3,975	3,125
Multiple Family	<u>7,230</u>	<u>7,908</u>	<u>5,197</u>	<u>4,130</u>	<u>7,169</u>
TOTAL	10,897	12,134	10,294	8,105	10,294

Source: Construction Industry Research Board, *Building Permit Summary*

APPENDIX H
FISCAL CONSULTANT'S REPORT

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY