



**Agenda**  
**City of Vernon**  
**Special Successor Agency to the**  
**Redevelopment Agency Meeting**  
**Tuesday, June 7, 2022, 9:00 AM**  
**City Hall, Council Chamber**  
**4305 Santa Fe Avenue**  
**Vernon, California**

**Leticia Lopez, Chairperson**  
**Crystal Larios, Vice-Chairperson**  
**William Davis, Member**  
**Judith Merlo, Member**  
**Melissa Ybarra, Member**

**MEETING ATTENDANCE PROTOCOLS**

Assembly Bill 361 (AB 361) authorizes public meetings to take place via teleconference because State and Local officials are recommending measures to promote social distancing. Meetings are conducted in a hybrid format that includes both in-person and Zoom public participation.

The public is encouraged to view the meeting at <https://www.cityofvernon.org/webinar-cc> or by calling (408) 638-0968, Meeting ID 856-7899-1301#. You may address the Successor Agency via Zoom or submit comments to [PublicComment@cityofvernon.org](mailto:PublicComment@cityofvernon.org) with the meeting date and item number in the subject line.

**CALL TO ORDER**

**FLAG SALUTE**

**ROLL CALL**

**APPROVAL OF THE AGENDA**

**PUBLIC COMMENT**

At this time the public is encouraged to address the Successor Agency to the Redevelopment Agency and will be given the opportunity to address the Successor Agency on any matter that has been described in the agenda for this special meeting.

## CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion. Items may be removed from the Consent Calendar for individual consideration. Removed items will be considered immediately following the Consent Calendar.

### 1. City Clerk

[Approval of Minutes](#)

Recommendation:

Approve the March 15, 2022 Special Successor Agency to the Redevelopment Agency meeting minutes.

[1. 20220315 SA Minutes](#)

## NEW BUSINESS

### 2. Finance/Treasury

[2022 Refunding Tax Allocation Bonds Preliminary Official Statement](#)

Recommendation:

Adopt Resolution No. SA-29 approving the form of a Preliminary Official Statement to deem it final under rule 15c2-12, and authorizing certain other actions in connection therewith.

[1. Resolution No. SA-29](#)

## ORAL REPORTS

Brief reports, announcements, or directives to staff.

## ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted in accordance with the applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours and Special meeting agendas may be amended up to 24 hours in advance of the meeting.

Dated this 2<sup>nd</sup> day of June, 2022.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Sandra Dolson, Administrative Secretary

# Successor Agency to the Redevelopment Agency Agenda Item Report

Submitted by: Sandra Dolson  
Submitting Department: City Clerk  
Meeting Date: June 7, 2022

## **SUBJECT**

Approval of Minutes

## **Recommendation:**

Approve the March 15, 2022 Special Successor Agency to the Redevelopment Agency meeting minutes.

## **Background:**

Staff has prepared and hereby submits the minutes for approval.

## **Fiscal Impact:**

There is no fiscal impact associated with this report.

## **Attachments:**

1. [20220315 SA Minutes](#)

**MINUTES  
VERNON SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY  
SPECIAL MEETING  
TUESDAY, MARCH 15, 2022  
COUNCIL CHAMBER, 4305 SANTA FE AVENUE**

**CALL TO ORDER**

Chair Ybarra called the meeting to order at 9:00 a.m.

**FLAG SALUTE**

Chair Ybarra led the Flag Salute.

**ROLL CALL**

**PRESENT:**

Melissa Ybarra, Chair  
William Davis, Vice Chair  
Leticia Lopez, Member  
Crystal Larios, Member  
Judith Merlo, Member

**STAFF PRESENT:**

Carlos Fandino, City Administrator  
Zaynah Moussa, Interim City Attorney  
Lisa Pope, City Clerk  
Scott Williams, Finance Director  
Abraham Alemu, Public Utilities General Manager  
Michael Earl, Human Resources Director  
Fredrick Agyin, Health and Environmental Control Director  
Robert Sousa, Police Chief  
Dan Wall, Public Works Director

**APPROVAL OF THE AGENDA**

**MOTION**

Member Lopez moved and Vice Chair Davis seconded a motion to approve the agenda. The question was called and the motion carried unanimously.

**PUBLIC COMMENT**

None.

## **CONSENT CALENDAR**

### **MOTION**

Member Lopez moved and Member Larios seconded a motion to approve the Consent Calendar. The question was called and the motion carried unanimously.

The Consent Calendar consisted of the following item:

#### **1. Approval of Minutes**

Recommendation: Approve the February 1, 2022 Regular Successor Agency to the Redevelopment Agency meeting minutes.

## **NEW BUSINESS**

#### **2. 2022 Tax Allocation Refunding Bonds**

Recommendation: Adopt Resolution No. SA-28 authorizing the issuance and sale of tax allocation refunding bonds in an amount not to exceed \$27,000,000, and approving the form of an indenture of trust, a form of escrow agreement, a form of bond purchase agreement, a form of continuing disclosure agreement, and authorizing certain other actions in connection therewith.

Finance Director Williams presented the staff report.

### **MOTION**

Member Lopez moved and Member Merlo seconded a motion to adopt Resolution No. SA-28 authorizing the issuance and sale of tax allocation refunding bonds in an amount not to exceed \$27,000,000, and approving the form of an indenture of trust, a form of escrow agreement, a form of bond purchase agreement, a form of continuing disclosure agreement, and authorizing certain other actions in connection therewith. The question was called and the motion carried unanimously.

## **ORAL REPORTS**

Brief reports, announcements, or directives to staff.

None.

**ADJOURNMENT**

Chair Ybarra adjourned the meeting at 9:07 a.m.

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LETICIA LOPEZ, Chair

ATTEST:

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LISA POPE, City Clerk  
(seal)

# Successor Agency to the Redevelopment Agency Agenda Item Report

Submitted by: Angela Melgar  
Submitting Department: Finance/Treasury  
Meeting Date: June 7, 2022

## **SUBJECT**

2022 Refunding Tax Allocation Bonds Preliminary Official Statement

### **Recommendation:**

Adopt Resolution No. SA-29 approving the form of a Preliminary Official Statement to deem it final under rule 15c2-12, and authorizing certain other actions in connection therewith.

### **Background:**

Effective February 1, 2012, pursuant to Assembly Bill x1 26 (AB 26), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. AB 26 enabled the formation of Successor Agencies (SAs), which have the responsibility of winding down outstanding obligations of the former redevelopment agencies.

On June 27, 2012, the State passed Assembly Bill 1484 (AB 1484), which included provisions permitting SAs to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings. Most SAs have since refunded their existing redevelopment bonds to provide savings to taxing entities.

Vernon's Former Redevelopment Agency issued \$49,420,000 of Tax Allocation Bonds (TABs), Series 2005A and \$19,490,000 of Taxable Tax Allocation Bonds, Series 2011 (collectively, the Prior Bonds) to fund, among other things, the acquisition of land and certain redevelopment projects, bond issuance costs and a bond reserve fund. The Prior Bonds are currently outstanding in the amount of \$38,915,000, and have a final term of 2035 with existing interest rates ranging from 4.625% to 9.25%. The Series 2011 TABs have \$10.4 million of unspent proceeds plus \$2.4 million in prior reserve funds; the 2005 TABs have \$3.2 million in prior reserve funds. Prior funds will be used to defease (or pay off) all of the Series 2011 TABs and a portion of the 2005 TABs. Based on today's interest rates, the remaining Prior Bonds could be refunded to shorten the term and produce a total cash flow savings of approximately \$27.4 million. These savings will increase the amount of "residual" property tax available to be redistributed to other taxing entities based on their proportionate share of the 1% property tax levy. The Successor Agency plans to shorten the maturity of the Refunding Bonds as much as possible in order to increase overall savings to the City and other taxing agencies. Upon the final maturity of the Refunding Bonds which is estimated to occur on September 1, 2028 (versus the current final maturity of the Prior Bonds on September 1, 2035), the City will receive a share of this savings as a residual distribution from the Redevelopment Property Tax Trust Fund. The City is expected to receive approximately 11.52% of the total savings generated from the Refunding Bonds, which is currently estimated to be approximately \$790,000.

On February 1, 2022, the Successor Agency appointed Samuel A. Ramirez & Co., Inc. as underwriters for the TAB refunding to allow the firm to commence work on this transaction; and approved a purchase contract with HdL Coren and Cone for fiscal consulting services and production of a Fiscal Consultant Report, which is the foundation that contains most of the

information found in the Preliminary Official Statement. A Preliminary Official Statement describes the essential terms of the bonds, and typically provides the most detailed description of the features of the bonds.

On March 15, 2022, the Successor Agency governing board adopted Resolution No. SA-28 authorizing the issuance and sale of tax allocation refunding bonds in an amount not to exceed \$27,000,000, and approving the form of an indenture of trust, a form of escrow agreement, a form of bond purchase agreement, a form of continuing disclosure agreement, and authorizing certain other actions in connection therewith.

On April 11, 2022, the proposed financing was approved by the First District, Los Angeles Consolidated Oversight Board (Oversight Board). Currently, the item is under review by the California State Department of Finance (DOF), which has 65 days to approve or reject the issuance of the Refunding Bonds. DOF approval is currently expected on or about June 15, 2022. In preparation for issuing the Refunding Bonds, on May 23, 2022, staff delivered a credit rating presentation to Standard & Poor's. Standard & Poor's will review the information provided by staff to determine any adjustments to the Successor Agency's credit rating. While the current rating, 'A', is investment grade, an improved rating would provide added confidence and make the Refunding Bonds more attractive to potential investors.

During the DOF review period, Successor Agency Staff worked with Bond Counsel, the Municipal Advisor, the Fiscal Consultant, and the Underwriter to prepare the Preliminary Official Statement for the Refunding Bonds and obtain a rating on the Refunding Bonds. The Successor Agency governing board is now being asked to approve the Preliminary Official Statement.

**Next Steps in the Bond Process:**

- June 10, 2022 Mail Notice to taxing entities
- June 15, 2022 Receive DOF sign off
- June 16, 2022 Receive ratings
- June 23, 2022 Pricing/verification/execute Bond Purchase Agreement (approved by Successor Agency on March 15, 2022)/Send conditional bond call notices
- June 29, 2022 Pre-closing
- June 30, 2022 Closing
- July 25, 2022 Series 2005A and 2011A Redeemed

**Fiscal Impact:**

There is no fiscal impact associated with this report.

**Attachments:**

1. [Resolution No. SA-29](#)



RESOLUTION NO. SA-29

A RESOLUTION OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON, CALIFORNIA, APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT TO DEEM IT FINAL UNDER RULE 15c2-12, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

SECTION 1. Recitals.

A. The Successor Agency of the Former Redevelopment Agency of the City of Vernon (the "Successor Agency") has previously approved the issuance of tax allocation bonds (the "2022 Bonds") by Resolution No. SA-28 (the "Successor Agency Resolution"), at its meeting on March 15, 2022.

B. The Successor Agency wishes at this time to approve the Preliminary Official Statement for the 2022 Bonds to deem the Preliminary Official Statement final within the meaning of Rule 15c2-12 of the Security and Exchange Act of 1934 ("Rule 15c2-12").

C. The Los Angeles County First Supervisorial District Consolidated Oversight Board has approved the issuance of the 2022 Bonds by its Resolution No. OB-50 (the "Oversight Board Resolution") at its meeting on April 11, 2022.

D. The Oversight Board Resolution has been submitted to the California Department of Finance for approval pursuant to Health and Safety Code Section 34179(h).

E. Initially capitalized terms used in this resolution without definition have the meanings set forth in the Successor Agency Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON AS FOLLOWS:

SECTION 2. Approval of Recitals. The Successor Agency of the Former Redevelopment Agency of the City of Vernon hereby finds and determines that the above recitals are true and correct.

SECTION 3. Approval of Preliminary Official Statement. The Successor Agency of the Former Redevelopment Agency of the City of Vernon hereby approves the Preliminary Official Statement relating to the 2022 Bonds (the "Preliminary Official Statement"), in substantially the form attached hereto as Exhibit A, and made a part hereof as though set forth in full herein. Each of the Authorized Officers, acting alone, is authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, relating to the Preliminary Official Statement, and each of the Authorized Officers, acting alone, is further authorized and directed to

execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement, and is further authorized to make such changes, insertions and omissions to the form of the Preliminary Official Statement and final Official Statement as may be recommended by the Successor Agency's General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Successor Agency, and approved by the officer executing the same, said execution being conclusive evidence of such approval. Samuel A. Ramirez & Co., Inc., serving as Underwriter, is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the 2022 Bonds and is directed to deliver copies of any final Official Statement to all actual purchasers of the 2022 Bonds.

SECTION 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that the Successor Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 5. Effective Date. This Resolution shall take effect immediately upon its adoption by the governing board of the Successor Agency, and the Secretary shall certify the vote adopting this resolution.

SECTION 6. Certification. The Secretary of the Successor Agency shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED AND ADOPTED this 7<sup>th</sup> day of June, 2022.

\_\_\_\_\_  
LETICIA LOPEZ, Chair

ATTEST:

\_\_\_\_\_  
LISA POPE, Secretary  
(seal)

APPROVED AS TO FORM:

\_\_\_\_\_  
ZAYNAH N. MOUSSA,  
Legal Counsel

# **EXHIBIT A**

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2022**

**NEW ISSUE—BOOK-ENTRY ONLY**

**Ratings:**  
**S&P “\_\_\_\_\_” (Insured)**  
**S&P: “\_\_\_\_\_” (Underlying)**

**See the caption “CONCLUDING INFORMATION—Ratings”**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, the interest with respect to the 2022 Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, the interest (and original issue discount) with respect to the 2022 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein*

**\$24,255,000\***

**SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
TAX ALLOCATION REFUNDING BONDS, SERIES 2022 (FEDERALLY TAXABLE)**

**Dated: Delivery Date**

**Due: September 1, as shown on the inside front cover page**

The Successor Agency of the Former Redevelopment Agency of the City of Vernon Tax Allocation Refunding Bonds, Series 2022 (Federally Taxable) (the “2022 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 integral multiples of \$5,000 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 2022 Bonds. The principal of and interest (which interest is due March 1 and September 1 of each year, commencing September 1, 2022) on the 2022 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the 2022 Bonds. See the caption “THE 2022 BONDS—Book-Entry System.”

The 2022 Bonds are being issued pursuant to the Indenture of Trust, dated as of \_\_\_\_\_ 1, 2022, by and between the Trustee and the Successor Agency of the Former Redevelopment Agency of the City of Vernon (the “Successor Agency”): (i) to currently refund certain bonds issued by the Redevelopment Agency of the City of Vernon currently outstanding in the aggregate principal amount of \$30,785,000, as described under the caption “REFUNDING PLAN”; (ii) to purchase a municipal bond insurance policy for the 2022 Bonds; (iii) to purchase a municipal debt service reserve insurance policy for the 2022 Bonds, and (iv) to pay certain costs of issuance of the 2022 Bonds.

**The 2022 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See the caption “THE 2022 BONDS—Redemption.”**

The 2022 Bonds are secured by the Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund and payable from amounts on deposit therein after payments of certain County of Los Angeles administrative costs and payments to certain taxing agencies, as more fully described under the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs,” “SECURITY FOR THE 2022 BONDS—Statutory Pass-Through Amounts” and “—Section 33676 Election.” Taxes levied on the property within the Industrial Redevelopment Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes constitute Pledged Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Successor Agency and the Trustee in accordance with the Indenture.

[The scheduled payment of principal of and interest on the 2022 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2022 Bonds by \_\_\_\_\_. See the captions “INTRODUCTORY STATEMENT—Bond Insurance” and “BOND INSURANCE” and Appendix I—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

**[INSURER LOGO]**

**This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2022 Bonds. Investors should 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 herein.**

The 2022 Bonds are not a debt of the City of Vernon, the State of California, or any of its political subdivisions (except the Successor Agency), and neither said City nor State, nor any of its political subdivisions (except the Successor Agency), is liable hereon, nor in any event shall the 2022 Bonds be payable out of any funds or properties other than those of the Successor Agency. The 2022 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the 2022 Bonds are payable solely from the Pledged Tax Revenues (as defined herein and in the Indenture) allocated to the Successor Agency from the Industrial Redevelopment Project Area after the payment of certain costs and other obligations payable on a senior basis as described herein and other funds as set forth in the Indenture.

*The 2022 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. Certain legal matters will be passed on for the Successor Agency by the City Attorney of the City of Vernon, as counsel to the Successor Agency, and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, as disclosure counsel to the Successor Agency, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. It is anticipated that the 2022 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2022.*

**[RAMIREZ LOGO]**

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_  
\* Preliminary, subject to change.  
4875-3934-9790v6/022487-0005

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**MATURITY SCHEDULE**

Base CUSIP<sup>†</sup> \_\_\_\_\_

**\$24,255,000\***

**SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
TAX ALLOCATION REFUNDING BONDS, SERIES 2022 (FEDERALLY TAXABLE)**

<i>Maturity Date (December 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP<sup>†</sup> Suffix</i>
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\$ \_\_\_\_\_ - \_\_\_\_\_ % Term Bond due September 1, 20\_\_ - Yield: \_\_\_\_\_ % - Price: \_\_\_\_\_ - CUSIP<sup>†</sup>: \_\_\_\_\_

\$ \_\_\_\_\_ - \_\_\_\_\_ % Term Bond due September 1, 20\_\_ - Yield: \_\_\_\_\_ % - Price: \_\_\_\_\_ - CUSIP<sup>†</sup>: \_\_\_\_\_

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\* Preliminary, subject to change.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 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. None of the Underwriter, the Successor Agency or the City, or their agents or counsel, assume responsibility for the accuracy of such numbers.

**SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Vernon, California**

**CITY COUNCIL,  
ACTING AS THE GOVERNING BODY OF THE SUCCESSOR AGENCY**

Leticia Lopez, *Mayor*  
Crystal Larios, *Mayor Pro Tempore*  
William "Bill" Davis, *Council Member*  
Judith Merlo, *Council Member*  
Melissa Ybarra, *Council Member*

**AGENCY/CITY STAFF**

Carlos R. Fandino, Jr., *Executive Director/City Administrator*  
Lisa Pope, *Secretary/City Clerk*  
Scott Williams, *Finance Director*  
Zaynah Moussa, Esq., *Interim City Attorney*

**SPECIAL SERVICES**

**Bond Counsel and Disclosure Counsel**

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

**Municipal Advisor**

BLX Group LLC  
Los Angeles, California

**Trustee**

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

**Fiscal Consultant**

HdL Coren & Cone  
Brea, 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 by the Successor Agency or the Underwriter to give any information or to make any representations with respect to the 2022 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 given or authorized by the Successor Agency or the Underwriter.

***Use of Official Statement.*** This Official Statement is submitted in connection with the sale of the 2022 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond owner and the Successor Agency or the Underwriter.

***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.

***Estimates and Forecasts.*** When used in this Official Statement and in any continuing disclosure made by the Successor Agency, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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 2022 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the other parties described in this Official Statement, since the date of this Official Statement.

***Document Summaries.*** All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Successor Agency.

***No Unlawful Offers or Solicitations.*** This Official Statement does not constitute an offer to sell or a 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.

***No Registration with the SEC.*** The issuance and sale of the 2022 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

***Public Offering Prices.*** The Underwriter may offer and sell the 2022 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change such public offering prices from time to time.

***[Bond Insurer.*** \_\_\_\_\_ (the “Insurer”) makes no representation regarding the 2022 Bonds or the advisability of investing in the 2022 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “BOND INSURANCE” and “Appendix I—SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.]

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Resolution No. SA-29 Exhibit A  
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**Website.** The City of Vernon maintains an Internet website which includes information about the Successor Agency. However, the information maintained on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2022 Bonds.



*[INSERT PROJECT AREA MAP]*

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**\$24,255,000\***  
**SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
TAX ALLOCATION REFUNDING BONDS, SERIES 2022 (FEDERALLY TAXABLE)**

**INTRODUCTORY STATEMENT**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency of the Former Redevelopment Agency of the City of Vernon (the “Successor Agency”) of its \$24,255,000\* Tax Allocation Refunding Bonds, Series 2022 (Federally Taxable) (the “2022 Bonds”).

**Authority and Purpose**

The 2022 Bonds are being issued pursuant to the Constitution and laws of the State of California (the “State”), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Bond Law”), the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code (the “Redevelopment Law”), the Dissolution Act (as defined below) and an Indenture of Trust, dated as of \_\_\_\_ 1, 2022 (the “Indenture”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). See the caption “THE 2022 BONDS—Authority for Issuance.” The 2022 Bonds and any additional debt (“Parity Debt”) issued as bonds pursuant to the Indenture are collectively referred to as the “Bonds.”

The 2022 Bonds are being issued: (i) to currently refund certain bonds issued by the Redevelopment Agency of the City of Vernon (the “Former Agency”) currently outstanding in the aggregate principal amount of \$38,915,000, as described under the caption “REFUNDING PLAN,” (ii) to purchase a municipal bond insurance policy (the “Policy”) for the 2022 Bonds; (iii) to purchase a municipal debt service reserve insurance policy for the 2022 Bonds (the “Reserve Policy”), and (iv) to pay certain costs of issuance of the 2022 Bonds. See the caption “REFUNDING PLAN—Estimated Sources and Uses of Funds.”

The 2022 Bonds are secured by the Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund established by the County Auditor-Controller for the Successor Agency (referred to at times herein as the “RPTTF”) and payable from amounts on deposit therein after payments of certain County of Los Angeles (the “County”) administrative costs and payments to certain taxing agencies, as more fully described under the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*” and “SECURITY FOR THE 2022 BONDS—Statutory Pass-Through Amounts.” The Successor Agency may issue Parity Debt, subject to compliance with certain conditions set forth in the Indenture, only to refund the 2022 Bonds or Parity Debt for savings. See “SECURITY FOR THE 2022 BONDS—Issuance of Additional Indebtedness—*Parity Debt*.”

**The City and the Successor Agency**

The City of Vernon (the “City”) was incorporated in 1905 under the general laws of the State. City voters approved a charter in 1988 and the City thereafter became a charter city. The City has a land area of approximately 5.2 square miles and an estimated population of 295 people as of January 1, 2021. Land use in the City primarily consists of industrial development, with small areas devoted to commercial and residential uses. The City provides a wide range of services, such as public utilities (including water, gas, fiber and electric services), police protection and public works. The City contracts with the County of Los Angeles Fire Department for its fire services.

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\* Preliminary, subject to change.

The City is located in the County of Los Angeles (the “County”), approximately 5 miles south of downtown Los Angeles. The City has extensive rail lines running through it, as well as two large intermodal freight yards at the City northern boundaries, to serve its industrial customer base. It is also located along Interstate 710 and is in close proximity to Interstates 5, 10, 105 and 110. With its location along or near these freeways, its close proximity to the Ports of Los Angeles and Long Beach and the Los Angeles International Airport, and the rail lines within the City, the City has access to a significant transportation network. The City has diversified from its origins as a hub for livestock businesses. There are currently over 1,600 industrial firms employing approximately 37,000 people within the City. See Appendix H—“SUPPLEMENTAL INFORMATION—THE CITY OF VERNON” for more general information about the City.

The Former Agency was activated by Ordinance of the City Council adopted on September 16, 1986 pursuant to the Redevelopment Law. The five members of the City Council served as the governing body of the Former Agency and exercised all the rights, powers, duties and privileges of the Former Agency.

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State 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 State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, 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 of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & 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 (collectively, as amended from time to time, the “Dissolution Act”).

Pursuant to Section 34173 of the Dissolution Act, the City Council of the City serves as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, which was 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 Redevelopment Plan**

The 2022 Bonds are principally payable from Pledged Tax Revenues generated within the boundaries of the Industrial Redevelopment Project Area. On November 27, 1990, the City Council of the City adopted Ordinance No. 992 which adopted the Industrial Redevelopment Plan for the Project Area. The Project Area includes approximately 2,125 acres of land, covering approximately 64% of the total area of the City. The original Project Area (the “Original Area”) consists of approximately 1,988 acres. On July 14, 1998, by Ordinance No. 1063, the Former Agency adopted an amended and restated redevelopment plan for the Project Area (the “Redevelopment Plan”) to add area (the “Amendment Area” and, together with the Original Area, the “Project Area”) to the Project Area, composed of approximately 137 acres. The zoning code within the City of Vernon is primarily devoted to industrial and commercial uses. See the caption “THE 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. This method provided that the taxable valuation of the

property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the 2022 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects.

Under the Indenture, Pledged Tax Revenues consist of all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited or available for deposit by the Auditor-Controller of the County of Los Angeles (the “County Auditor-Controller”) in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act.

Pursuant to the Indenture, the Successor Agency will deposit moneys derived from the Project Area constituting Pledged Tax Revenues promptly upon receipt thereof into the Special Fund maintained within the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5(a) of the Dissolution Act. Moneys held in the Special Fund will be transferred to the Trustee at the times specified in the Indenture to make payments of principal of and interest on the 2022 Bonds, all as described under the caption “SECURITY FOR THE 2022 BONDS.”

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

### **Security for the 2022 Bonds**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency 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 such amount in the Redevelopment Property Tax Trust Fund. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same 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 Redevelopment Law that existed prior to that date, will be included in the Successor Agency’s Recognized Obligation Payment Schedule, and 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 established pursuant to, and in accordance with, the Dissolution Act. See Appendix B and the caption “SECURITY FOR THE 2022 BONDS—Recognized Obligation Payment Schedule.”

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2022 Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law, as described in the foregoing paragraph.

In accordance with the Dissolution Act, the 2022 Bonds and any Parity Debt (defined in Appendix B) which may be issued in the future are payable from and secured by, and Pledged Tax Revenues include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund.

The 2022 Bonds are payable from and secured by the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund or by the Successor Agency or the Trustee. The Indenture grants to Owners of the 2022 Bonds a pledge of, lien on, and security interest in the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the 2005 Bonds, and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of the Indenture. Such pledge permits the payment by the County Auditor-Controller of the County's administrative costs to the County as allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and to various taxing agencies pursuant to Statutory Pass-Through Amounts and 33676 Amounts (as those terms are defined under the caption "SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*") prior to payment of the principal and interest on the 2022 Bonds. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the Project Area, to the extent that such taxes constitute Pledged Tax Revenues as described in this Official Statement, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the captions "SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*," "—Statutory Pass-Through Amounts," "—Section 33676 Election" and "—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund, and the Special Fund held therein, will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund (defined in Appendix B) established under the Indenture and administered by the Trustee in accordance with the Indenture.

Metropolitan Water District ("MWD") levies a tax rate override, which is included in Pledged Tax Revenues and will be available to pay debt service on the 2022 Bonds if needed. However, the County Auditor-Controller will pay MWD's override taxes to MWD unless the Successor Agency informs the County Auditor-Controller that such amounts are needed to pay debt service on the 2022 Bonds. See the caption "SECURITY FOR THE 2022 BONDS—General" and the projections of Pledged Tax Revenues set forth in Table 7 under the caption "PLEDGED TAX REVENUES—Projected Pledged Tax Revenues."

The Successor Agency has no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the captions "SECURITY FOR THE 2022 BONDS" and "RISK FACTORS."

### **Senior Obligations**

The use of Pledged Tax Revenues from the Project Area to pay debt service on the 2022 Bonds is subject to the prior payment of permitted administrative costs of the County Auditor-Controller and payments to certain taxing entities of Statutory Pass-Through Amounts and 33676 Amounts. See the captions "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*" for a description of the County's administrative costs and "SECURITY FOR THE 2022 BONDS—Statutory Pass-Through Amounts" and "—Section 33676 Election" for a description of the Statutory Pass-Through Amounts and the 33676 Amounts.

Upon the issuance of the 2022 Bonds and the completion of the defeasance described under the caption "REFUNDING PLAN" there will be no bonds or agreements outstanding with a pledge or lien on the Pledged Tax Revenues senior to or on a parity with the 2022 Bonds.

## **Issuance of Parity Debt**

The Indenture permits the Successor Agency to issue Parity Debt to refund outstanding 2022 Bonds or Parity Debt, subject to compliance with certain requirements set forth in the Indenture. See “SECURITY FOR THE 2022 BONDS—Issuance of Additional Indebtedness.”

## **Bond Insurance**

[The scheduled payment of principal of and interest on the 2022 Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the 2022 Bonds by the 2022 Insurer. See the captions “—Authority and Purpose” and “BOND INSURANCE.”]

## **Reserve Account**

A Reserve Account for the 2022 Bonds is established pursuant to the Indenture in an amount equal to the initial Reserve Requirement of \$ \_\_\_\_\_. The Reserve Requirement for the 2022 Bonds shall not increase, but may decrease, following the Closing Date. See “SECURITY FOR THE 2022 BONDS—Transfer of Amounts by Trustee—*Reserve Account*.”

The Successor Agency is not required to fund a reserve in connection with the issuance of Parity Debt. If the Successor Agency issues Parity Debt secured by a reserve, the Successor Agency will establish one or more subaccounts in the Reserve Account for the purpose of securing such Parity Debt. Such subaccounts within the Reserve Account will not be available to pay debt service on the 2022 Bonds. The Reserve Requirement for the 2022 Bonds or any series (or multiple series) of Parity Debt for which a reserve is to be funded will be calculated, as of any date of computation, as the lesser of: (i) 125% of the average Annual Debt Service with respect to such series (or multiple series) of Bonds, (ii) Maximum Annual Debt Service with respect to such series (or multiple series) of Bonds, or (iii) with respect to such series (or multiple series) of Bonds, 10% of the original principal amount of such series (or multiple series) of Bonds (or, if such series (or multiple series) of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series (or multiple series) of Bonds; provided, that in no event shall the Successor Agency, in connection with the issuance or incurrence of Parity Debt be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. See “SECURITY FOR THE 2022 BONDS—Transfer of Amounts by Trustee.”

The Reserve Account will be available to pay debt service on the 2022 Bonds, but will not secure payment of Parity Debt. If the Successor Agency issues Parity Debt secured by a reserve, the Successor Agency will establish one or more subaccounts in the Reserve Account for the purpose of securing such Parity Debt. The Reserve Requirement for the 2022 Bonds has been calculated on a standalone basis and will be satisfied by the delivery of the Reserve Policy by the 2022 Insurer. The Reserve Policy will not be available to pay Parity Debt. The Successor Agency will have no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2022 Bonds are Outstanding, any rating assigned to the 2022 Insurer is downgraded, suspended or withdrawn or amounts are not available under the Reserve Policy, other than in connection with a draw on the Reserve Policy. See “BOND INSURANCE.”

## **Audited Financial Statements**

The City’s Annual Comprehensive Financial Statements and Supplementals Information for the fiscal year ended June 30, 2021 (the “City Audit”) is attached as Appendix E. The City Audit includes the Successor

Agency's audited financial statements for the fiscal year ended June 30, 2021. The Successor Agency's audited financial statements were audited by Clifton Larson Allen LLP (the "Auditor"). The Auditor has not been engaged to perform and has not performed, since the date of the City Audit, any procedures on the financial statements addressed in such report. The Auditor also has not performed any procedures relating to this Official Statement. See "APPENDIX E – ANNUAL COMPREHENSIVE FINANCIAL STATEMENTS."

### **Further Information**

Brief descriptions of the 2022 Bonds, the Indenture, the Successor Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, 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. References herein to the 2022 Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Successor Agency. Copies of the forms of all documents are available from the City Clerk's office, City of Vernon, 4305 S. Santa Fe Ave., Vernon, California 90058.

Capitalized terms used herein and not defined have the meanings set forth in Appendix B.

## **REFUNDING PLAN**

### **General**

The Successor Agency is issuing the 2022 Bonds to provide moneys (together with other available funds of the Successor Agency) necessary to refund the City of Vernon Industrial Redevelopment Project Tax Allocation Bonds, Series 2005 (the "2005 Bonds"), which are currently outstanding in the principal amount of \$30,785,000, in whole. On the date of issuance of the 2022 Bonds, a portion of the proceeds of the 2022 Bonds and other available funds of the Successor Agency will be transferred, pursuant to an escrow agreement (the "2005 Bonds Escrow Agreement"), to The Bank of New York Mellon Trust Company, N.A. (the "Escrow Bank"). Such moneys shall be applied by the Escrow Bank to the redemption and defeasance of the 2005 Bonds.

Concurrently with the issuance of the 2022 Bonds and the refunding of the 2005 Bonds, the Successor Agency will also refund the Redevelopment Agency of the City of Vernon Industrial Redevelopment Project Tax Allocation Bonds Series 2011 (Federally Taxable) (the "2011 Bonds"), which are currently outstanding in the principal amount of \$8,130,000, from available monies on hand. On the date of issuance of the 2022 Bonds, available funds of the Successor Agency will be transferred, pursuant to an escrow agreement (the "2011 Bonds Escrow Agreement" and, together with the 2005 Bonds Escrow Agreement, the "Escrow Agreements"), to the Escrow Bank. Such moneys shall be applied by the Escrow Bank to the redemption and defeasance of the 2011 Bonds.

The amounts held by the Escrow Bank under the Escrow Agreements are pledged solely to the redemption of the 2005 Bonds and the 2011 Bonds, as applicable. The moneys deposited with the Escrow Bank under the Escrow Agreements will not be available for the payments of principal of and interest on the 2022 Bonds.

Sufficiency of the deposits to the escrow funds to be held by the Escrow Bank under the Escrow Agreements for the redemption of the 2005 Bonds and the 2011 Bonds, as applicable, will be verified by Causey Demgen & Moore, P.C. (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreements, the 2005 Bonds and the 2011 Bonds will be defeased pursuant to the provisions of the indentures under which the 2005 Bonds and the 2011 Bonds were issued as of the date of issuance of the 2022 Bonds.



## Estimated Sources and Uses of Funds

The estimated sources and uses of the 2022 Bonds and other available moneys are summarized as follows:

### Sources:

Principal Amount of 2022 Bonds  
Plus Other Available Moneys<sup>(1)</sup>  
[Plus/Less] Original Issue [Premium/Discount]

### Total Sources:

### Uses:

Escrow Fund  
Costs of Issuance<sup>(2)</sup>

### Total Uses:

<sup>(1)</sup> Includes moneys on deposit in the funds and accounts of the 2005 Bonds.

<sup>(2)</sup> Includes fees and expenses of Bond and Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Trustee, Escrow Agent, and City Attorney, printing expenses, rating agency fees, Underwriter's discount, premiums for the Policy and Reserve Policy, and other miscellaneous costs.

## THE 2022 BONDS

### Authority for Issuance

The 2022 Bonds are authorized for issuance pursuant to the Indenture, the Bond Law, the Redevelopment Law and the Dissolution Act. Direction to undertake the issuance of the 2022 Bonds and the execution of the related documents was authorized by the Successor Agency pursuant to Resolution No. SA-28, adopted on March 15, 2022 (the "Resolution"), and by the Los Angeles County First Supervisorial District Consolidated Oversight Board pursuant to Resolution No. OB-50, adopted on April 11, 2022 (the "Oversight Board Action").

Written notice of the Oversight Board Action was provided to the State Department of Finance (the "DOF") pursuant to the Dissolution Act, and the DOF requested a review within five business days of such written notice. On \_\_\_\_\_, 2022, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board's approving resolution, 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 Action approving the 2022 Bonds is approved by the DOF. A copy of the DOF's letter is set forth in Appendix F.

### Description of the 2022 Bonds

The 2022 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no 2022 Bond will have more than one maturity date. The 2022 Bonds will be dated as of their Closing Date.

Interest on the 2022 Bonds will be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2022 (each, an "Interest Payment Date"). Each 2022 Bond will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) 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 will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2022, in which event it will bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2022 Bond, interest thereon is in default, such 2022 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2022 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the 2022 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2022 Bonds will be paid on the succeeding Interest Payment Date by wire to such account in the United States as will be specified in such written request. The principal of the 2022 Bonds and premium, if any, 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.

### **Book-Entry System**

DTC will act as securities depository for the 2022 Bonds. The 2022 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 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D for further information with respect to DTC and its book-entry system.

### **Redemption**

**Optional Redemption.** The 2022 Bonds maturing on or prior to September 1, 20\_\_ are not subject to optional redemption. The 2022 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 2022 Bonds maturing September 1, 20\_\_ and September 1, 20\_\_ (collectively, the "2022 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\_\_ and September 1, 20\_\_, respectively, 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 (y) in lieu of redemption thereof such 2022 Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (z) if some but not all of such 2022 Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 2022 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).

#### **2022 Term Bonds of 20\_\_**

***Sinking Fund Redemption Date  
(September 1)***

***Principal Amount  
to be Redeemed***

(maturity)

2022 Term Bonds of 20\_\_

*Sinking Fund Redemption Date*  
*(September 1)*

*Principal Amount*  
*to be Redeemed*

(maturity)

**Notice of Redemption; Rescission.** The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least 20 but not more than 60 days prior to the redemption date, (i) to any Bond Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a written request of the Successor Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state, in the case of an optional redemption described above, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Successor Agency shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall 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 and to the same recipients as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

**Annual Debt Service**

The table below sets forth the annualized debt service on the 2022 Bonds, assuming no optional redemption prior to maturity.

<i>Bond Year (Amount Payable as of September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
Total			

Source: Underwriter.

**SECURITY FOR THE 2022 BONDS**

**General**

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 such 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. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date; will be included in the Successor Agency’s Recognized Obligation Payment Schedule and 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 established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 2022 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. See Appendix B and the caption “—Recognized Obligation Payment Schedule.”

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

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the 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 redevelopment plan, or the respective effective dates of ordinances approving amendments thereto

that added territory to the Project Area, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/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 (as discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution”), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Former Agency. Section 34172(a) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will 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 constitutes the amount 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 referred to in paragraph (b) above. SB 107 provides that debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override. MWD levies a tax rate override, which is pledged to pay debt service on the 2022 Bonds and would be available to pay debt service on the 2022 Bonds if needed. However, the County Auditor-Controller will pay MWD’s override taxes to MWD unless the Agency informs the County Auditor-Controller that such amounts are needed to pay debt service on the 2022 Bonds. The MWD override was approximately \$108,578 for fiscal year 2020-21 and will decline over time, until fiscal year 2034-35, in which the override tax rate will expire. The projection of Pledged Tax Revenues set forth in Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues” does not include override tax revenues.

The 2022 Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Area on a subordinate basis to amounts required to pay certain County administrative costs to the County and to pay Statutory Pass-Through Amounts and 33676 Amounts to taxing entities. See the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*” and “SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*,” “—Statutory Pass-Through Amounts” and “—Section 33676 Election.”

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any fiscal year (defined as July 1 through June 30) to pay the principal of and interest on the 2022 Bonds. See the captions “—Tax Increment Financing,” “—Recognized Obligation Payment Schedule,” “PROPERTY TAXATION IN CALIFORNIA” and “RISK FACTORS.”

The 2022 Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Successor Agency), and neither said City, said State, nor any of its political subdivisions (other than the Successor Agency) is liable thereon, nor in any event will the 2022 Bonds be payable out of any funds or properties other than those of the Successor Agency. The 2022 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

## Pledged Tax Revenues

The Indenture provides that, subject to certain prior payments described therein, all Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the 2005 Bonds, are irrevocably pledged to secure the payment of the principal of and interest on the 2022 Bonds and all Parity Debt without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Such pledge will constitute a lien on and security interest in the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the 2005 Bonds, and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of the Indenture; provided however, that the County Auditor-Controller is authorized by Section 34183(a) of the Dissolution Act to use Pledged Tax Revenues to pay the County's administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and is required by Section 34183 of the Dissolution Act to use Pledged Tax Revenues to pay the Statutory Pass-Through Amounts and 33676 Amounts to taxing entities (unless such payments are subordinated to payments on the 2022 Bonds and Parity Debt pursuant to Section 33607.5(e) of the Redevelopment Law or Section 34177.5(c) of the Dissolution Act, but no such subordination was requested or obtained by the Successor Agency with respect to the 2022 Bonds). Except for the Pledged Tax Revenues, such amounts and such funds and accounts, no other moneys, funds, accounts or properties 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 2022 Bonds or Parity Debt except as provided in the following paragraph with respect to the 2022 Bonds.

MWD levies a tax rate override, which is pledged to pay debt service on the 2022 Bonds and would be available to pay debt service on the 2022 Bonds if needed. However, the County Auditor-Controller will pay MWD's override taxes to MWD unless the Agency informs the County Auditor-Controller that such amounts are needed to pay debt service on the 2022 Bonds. See the caption "—General" above and the projection of Pledged Tax Revenues set forth in Table 7 under the caption "PLEDGED TAX REVENUES—Projected Pledged Tax Revenues."

The Indenture further provides that the Debt Service Fund and any fund or account created under the Indenture (other than the Costs of Issuance Fund and the Rebate Fund), including amounts on deposit therein (including proceeds of the 2022 Bonds), are irrevocably pledged under the Indenture to secure the payment of the principal of and interest on the 2022 Bonds and other Bonds without preference or priority for series issue, number, dated date, sale date, date of execution or date of delivery. Such pledge will constitute a first and exclusive lien on and security interest in the Debt Service Fund and any other fund or account created under the Indenture, and including amounts on deposit therein (including proceeds of the 2022 Bonds), and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of the Indenture.

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2022 Bonds and Parity Debt will be secured by a pledge of and lien on moneys deposited in the Redevelopment Property Tax Trust Fund held by the County Auditor-Controller related to the Successor Agency, which moneys, subject to the payment by the County Auditor-Controller of certain amounts to pay County administrative expenses as allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and Statutory Pass-Through Amounts and 33676 Amounts to taxing entities, constitute Pledged Tax Revenues under the Indenture. See the captions "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*," "SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*," "—Statutory Pass-Through Amounts" and "—33676 Amounts," below.

As defined in the Indenture, “Pledged Tax Revenues” means all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited or available for deposit by the County Auditor-Controller in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act. See Appendix B.

The Indenture provides for payment of the Bonds using Pledged Tax Revenues after the prior payment of County administration costs and Statutory Pass-Through Amounts (such revenues are referred to at times herein as “Net Pledged Tax Revenues”). See “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*,” “SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Elimination of Housing Set-Aside*” and “—Statutory Pass-Through Amounts.”

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent that they constitute Pledged Tax Revenues as described below, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s approved Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption “—Recognized Obligation Payment Schedule.” Moneys deposited by the County Auditor-Controller into the Successor Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

In consideration of the acceptance of the 2022 Bonds and other Bonds by those who will 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 2022 Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency will be for the equal and proportionate benefit, security and protection of all Owners of the 2022 Bonds and other Bonds without preference, priority or distinction as to security or otherwise of any of the 2022 Bonds and other Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Indenture.

### **Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues**

The Successor Agency has established the Redevelopment Obligation Retirement Fund and the Special Fund therein pursuant to Section 34170.5(a) of the Dissolution Act, which the Successor Agency will continue to hold so long as any of the 2022 Bonds are Outstanding. The Indenture also establishes a separate fund known as the Debt Service Fund and the accounts therein which will be held by the Trustee. Subject to the prior payments permitted by the Indenture, the Successor Agency will deposit all of the Pledged Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt by the Successor Agency, and thereafter will transfer amounts received to the Debt Service Fund until such time as the amounts so transferred to the Debt Service Fund equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account, and the Reserve Account of the Debt Service Fund pursuant to the Indenture on the next succeeding Interest Payment Date following such receipt of Pledged Tax Revenues by the Successor Agency and for deposit in the funds and accounts established with respect to Parity Debt on the next succeeding Interest Payment Date following such receipt of Pledged Tax Revenues by the Successor Agency, as provided in any Supplemental Indenture.

### **Transfer of Amounts by Trustee**

The Indenture creates accounts within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, and the Reserve Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit in the following respective accounts within the Debt Service Fund, which are established with the Trustee by the Indenture, in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Bonds other than the 2022 Bonds, the Successor Agency will immediately notify the Trustee of the amount of any such insufficiency and the Trustee will deposit amounts received from the Successor Agency into sub-accounts of the Interest Account and/or Principal Account, as applicable, on a pro-rata basis):

***Interest Account.*** On or before the fifth (5th) Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date of September 1, 2022, the Successor Agency will withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2022 Bonds as it becomes due and payable.

***Principal Account.*** On or before the fifth (5th) Business Day preceding September 1 in each year beginning September 1, 2022 (with respect to the 2022 Bonds), the Successor Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same becomes due and payable.

***Reserve Account.*** There has been established in the Debt Service Fund by the Indenture a separate fund and account known as the "Reserve Account" solely as security for payments on the 2022 Bonds payable by the Successor Agency pursuant to the Indenture, which will be held by the Trustee in trust for the benefit of the Owners of the 2022 Bonds.

The Successor Agency is not required to fund a reserve in connection with the issuance of Parity Debt. If the Successor Agency issues Parity Debt secured by a reserve, the Successor Agency will establish one or more subaccounts in the Reserve Account for the purpose of securing such Parity Debt. Such subaccounts within the Reserve Account will not be available to pay debt service on the 2022 Bonds. The Reserve Requirement for the 2022 Bonds or any series (or multiple series) of Parity Debt for which a reserve is to be funded will be calculated, as of any date of computation, as the lesser of: (i) 125% of the average Annual Debt Service with respect to such series (or multiple series) of Bonds, (ii) Maximum Annual Debt Service with respect to such series (or multiple series) of Bonds, or (iii) with respect to such series (or multiple series) of Bonds, 10% of the original principal amount of such series (or multiple series) of Bonds (or, if such series (or multiple series) of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series (or multiple series) of Bonds; provided, that in no event shall the Successor Agency, in connection with the issuance or incurrence of Parity Debt be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of



tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. See the caption “INTRODUCTORY STATEMENT—Reserve Account.”

[The Reserve Requirement for the 2022 Bonds (calculated on a standalone basis) will be satisfied by the delivery of the Reserve Policy by the 2022 Insurer on the Closing Date with respect to the 2022 Bonds with a stated policy amount of \$ \_\_\_\_\_. The Successor Agency will have no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2022 Bonds are Outstanding, any rating assigned to the 2022 Insurer is downgraded, suspended or withdrawn or amounts are not available under the Reserve Policy, other than in connection with a draw on the Reserve Policy.]

**No Reserve Account Required for Parity Debt.** The Indenture permits the issuance of Parity Debt without funding any Reserve Requirement with respect to such Parity Debt. The Successor Agency may be more likely to default on the payment of Parity Debt issued without funding the Reserve Requirement for such Parity Debt and, in the event the Successor Agency has insufficient revenues to pay debt service on the 2022 Bonds and Parity Debt, Pledged Tax Revenues would be applied pro-rata to the payment of such Parity Debt and the 2022 Bonds. See the captions “SECURITY FOR THE 2022 BONDS—Issuance of Additional Indebtedness” and “RISK FACTORS—Parity Debt Issued Without Reserve.”

See Appendix B under the caption “SECURITY OF BONDS; FLOW OF FUNDS—Deposit of Amounts by Trustee—*Reserve Account*” for further information with respect to the procedure for drawing upon the Reserve Account.

### **Tax Increment Financing**

**General.** Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation exceeds the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the 2022 Bonds, that are issued by a successor agency to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to that successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

**Tax Sharing.** The Redevelopment Law authorized redevelopment agencies to make contractual payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project; however, the Former Agency did not enter into any such agreements. Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing

applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Pass-Through Amounts”). (See the caption “—Statutory Pass-Through Amounts” below.) Further, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law (“33676 Amounts”). (See the caption “—Section 33676 Election” below.)

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed as Statutory Pass-Through Amounts or 33676 Amounts 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 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 six-month period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Pass-Through Amounts subordinate to the 2022 Bonds. The Successor Agency has not undertaken the requisite procedures to obtain subordination of the Statutory Pass-Through Amounts and, therefore, amounts due as Statutory Pass-Through Amounts are senior in payment priority to the 2022 Bonds. See the caption “PLEGGED TAX REVENUES” for projections of Pledged Tax Revenues, which take into account projected payments of Statutory Pass-Through Amounts. See “THE PROJECT AREA” for additional information regarding assessed values and tax revenues generated in the Project Area.

***Elimination of Housing Set-Aside.*** Before the dissolution of the Former Agency, the Redevelopment Law required the Former Agency to set aside not less than 20% of the gross tax increment allocated to the Former Agency from the Project Area, i.e., the “Housing Set-Aside,” in the Former Agency’s Low and Moderate Income Housing Fund, to be expended for low and moderate income housing purposes. Generally, the Former Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. In contrast, under the Redevelopment Law, the Former Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the “Non-Housing Portion”) to pay debt service on all bonds and other indebtedness of the Former Agency incurred to finance or refinance redevelopment projects for the Project Area, subject to limitations set forth in the indentures or other governing documents.

The Former Agency historically made certain findings pursuant to the Redevelopment Law that the Project Area was not subject to the Housing Set-Aide based on the pervasive industrial character of the City. Furthermore, the Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between obligations that were, in whole or in part, secured by and payable from the Housing Set-Aside and obligations that were solely secured by and payable from the Non-Housing Portion. In effect, after the Former Agency’s dissolution, all of the Successor Agency’s outstanding obligations are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects.

### **Recognized Obligation Payment Schedule**

On or before each February 1, with respect to each fiscal year, the Dissolution Act requires successor agencies 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 such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides and any other payments required under an indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

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 Low and Moderate Income Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Successor Agency submits the amendment to DOF no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Successor Agency may only amend the amount requested for payment of approved enforceable obligations. DOF shall notify the Successor Agency and the County Auditor-Controller as to whether the Successor Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the Successor Agency's payment obligations during the next fiscal year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Successor Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule 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 thereof on the 2022 Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule." The Successor Agency has submitted all previous Recognized Obligation Payment Schedules on or before the applicable deadlines.

With respect to each Recognized Obligation Payment Schedule submitted by the Successor Agency, the Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the DOF, the Successor Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board and the DOF at least 60 days prior to the next property tax distribution date.

See the caption “—Last and Final Recognized Obligation Payment Schedule” below for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act to be filed pursuant to SB 107. No such schedule has been filed by the Successor Agency.

The Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Successor Agency’s Recognized Obligation Payment Schedule and 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 established pursuant to the Dissolution Act. Further, the Dissolution Act provides that the scheduled payments on bonds issued by a successor agency with the approval of the oversight board and DOF shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller.

In order to ensure the timely payment of debt service on the 2022 Bonds, the Successor Agency covenants in the Indenture to request one-half of each Bond Year’s debt service from the moneys to be distributed from the RPTTF on January 2 during such Bond Year and the remainder of such Bond Year’s debt service from the moneys to be distributed from the RPTTF during the following June 1. Accordingly, the Indenture provides that, on or before each March 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to DOF and to the County Auditor-Controller that will include, from the first Pledged Tax Revenues distributed to the Successor Agency on each January 2 and June 1 Redevelopment Property Tax Trust Fund distribution date (subject to payments for County administrative expenses and to certain taxing entities, as provided in the Indenture): (i) all debt service due on all Outstanding 2022 Bonds and Parity Debt coming due during such Bond Year (with at least one-half of such Bond Year’s debt service to be distributed from the Redevelopment Property Tax Trust Fund on January 2 and the remainder of such Bond Year’s debt service to be distributed from the Redevelopment Property Tax Trust Fund on June 1), as well as all amounts due and owing to the 2022 Insurer or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2022 Insurer or to any other Insurer). The Successor Agency shall have the right, in its sole and absolute discretion, to request up to 100% of the principal and interest coming due during the applicable Bond Year from the RPTTF moneys to be distributed to the Successor Agency on January 2 of such Bond Year, and to request the remainder of such Bond Year’s debt service to be distributed from the RPTTF on June 1 during such Bond Year.

The Successor Agency covenants in the Indenture that it will comply with the requirements of the Dissolution Act, including without limitation to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. See Appendix B.

### **Last and Final Recognized Obligation Payment Schedule**

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a “Last and Final ROPS”) for approval by the oversight board and DOF if: (i) the successor agency’s only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) all remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by DOF, and (iii) the successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency’s housing functions and assets. The Last and Final ROPS must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. DOF approval is required for any Last and Final ROPS to become effective. The county auditor-controller shall also review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to DOF.

Successor agencies may only amend an approved Last and Final ROPS twice. Approval by the oversight board and DOF is required for any amendment to a Last and Final ROPS to become effective. The Dissolution Act provides DOF with 100 days to approve or deny an amendment to a Last and Final ROPS. Each amended Last and Final ROPS approved by DOF shall become effective in the subsequent Redevelopment Property Tax Trust Fund distribution period. If an amended Last and Final ROPS is approved less than 15 days before the date of the property tax distribution, the Last and Final ROPS shall not be effective until the subsequent Redevelopment Property Tax Trust Fund distribution period.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS. The county auditor-controller shall no longer distribute property tax to the successor agency’s Redevelopment Property Tax Trust Fund once the aggregate amount of property tax allocated to the successor agency equals the total outstanding obligation approved in the Last and Final ROPS. Commencing on the effective date of the approved Last and Final ROPS, the successor agency shall not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final ROPS is approved by DOF, the county auditor-controller shall continue to allocate moneys in the successor agency’s Redevelopment Property Tax Trust Fund pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller shall allocate such moneys in each fiscal period, after deducting the county auditor-controller’s administrative costs, in the following order of priority: (A) pass through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final ROPS, (C) scheduled payments on revenue bonds listed and approved in the Last and Final ROPS, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency’s tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the Redevelopment Property Tax Trust Fund, (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency’s housing functions and assets that are listed and approved on the Last and Final ROPS, and (G) any moneys

remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in (A) to (F), above, shall be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may divert subordinated pass-through payments to the successor agency pursuant to Section 34183(b) of the Dissolution Act. See the caption "—Tax Increment Financing."

[The Successor Agency has no immediate plans to file a Last and Final ROPS. However, the Successor Agency has covenanted in the Indenture not to submit to the Oversight Board or the California Department of Finance a request for the final amendment permitted for its Last and Final ROPS without the prior written consent of the 2022 Insurer unless all amounts that could become due to the 2022 Insurer are included as a line item on the Last and Final ROPS, as amended.]

### **Statutory Pass-Through Amounts**

Assembly Bill 1290 (Chapter 942, Statutes of 1993) ("AB 1290"), effective January 1, 1994, eliminated the statutory authority for negotiated pass-through agreements and provided a formula for mandatory tax sharing, applicable to projects adopted after January 1, 1994 or amended after that date to add territory or make certain other amendments. These payments, which are to begin the fiscal year following the year a redevelopment plan was adopted (if after January 1, 1994) or the fiscal year following the year that a redevelopment plan's original plan limitations would have taken effect (in the case of pre-1994 redevelopment plans), are calculated using the increase in revenue above the amount of revenue generated by the project area in the year that the redevelopment plan was adopted or the former limit would have been reached, as applicable. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these Statutory Pass-Through Amounts to the affected taxing entities from the Successor Agency's RPTTF for each ROPS period.

As further described herein under the caption "THE PROJECT AREA," the City adopted Ordinance No. 1179, which amended the Redevelopment Plan to eliminate the Redevelopment Plan's time limit on incurrence of new indebtedness as it applies to the Original Area and the Redevelopment Plan was amended to add the Amendment Area after January 1, 1994, and, accordingly, the Successor Agency is required to pay the Statutory Pass-Through Amounts to affected taxing agencies in the Project Area. These tax sharing payments continue so long as tax increment is available to repay indebtedness in the Project Area. The Statutory Pass-Through Amounts are determined by specific formulas under the Law; and post-dissolution, these payment obligations of the Successor Agency to affected taxing entities are administered by the County Auditor-Controller under the Dissolution Act. See "PLEDGED TAX REVENUES—Projected Pledged Tax Revenues" for a projection of such payments.

Generally speaking, under the Law as amended by AB 1290 and as the obligation continues under the Dissolution Act, the Successor Agency is required to pay to the affecting taxing entities percentages of tax increment generated in the Project Area as the Statutory Pass-Through Amounts, as follows:

1. following the expiration of the amended time limit and thereafter, 25% of tax increment revenues (after deducting the Housing Set-Aside amount); plus,
2. for the eleventh year following the triggering event and thereafter, 21% of revenues in excess of tenth year revenue (after deducting the Housing Set-Aside amount); plus,
3. for the thirty-first year following the triggering event and thereafter, 14% of revenues in excess of thirtieth year revenues (after deducting the Housing Set-Aside amount).

The payments of the Statutory Pass-Through Amounts to the affected taxing entities are allocated among each affected taxing entity in proportion to the share of property taxes each affected taxing entity received in the year funds are allocated. As indicated, amounts specified as payable to affected taxing entities are computed after deducting the Housing Set-Aside amounts even though the Successor Agency no longer deposits such amounts into the Housing Fund under the Dissolution Act. The Statutory Pass-Through Amounts have not been subordinated to the 2022 Bonds. See the caption “—Tax Increment Financing—*Tax Sharing*.” Also see the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues.”

Furthermore, no taxing entities that entered into tax sharing agreements with the Former Agency may receive Statutory Pass-Through Amounts. As described under the caption “—Pass-Through Agreements,” the Former Agency entered into tax sharing agreements the County/County Flood Control District, the Los Angeles Unified School District and the Los Angeles Community College District; therefore, such taxing entities do not receive Statutory Pass-Through Amounts.

The Fiscal Consultant has determined that the County has not been calculating or deducting Statutory Pass-Through Amounts from the tax increment revenues of the Original Area. The amendment of the Redevelopment Plan that was made by adoption of Ordinance No. 1179 does not appear to have been acknowledged when the County took over calculation of Statutory Pass-Through Amounts after the dissolution of redevelopment agencies was initiated by the State. The projections of Pledged Tax Revenues contained in Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues” and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A assume that these payments will be made in the current year and all subsequent years. The Fiscal Consultant also calculates that through 2021-22 the total amount of Statutory Pass-Through Amounts that should have been deducted from the tax increment revenues of the Original Area since the adoption of Ordinance No. 1179 in 2010 is approximately \$4,035,945. In the event the County were to require that some or all of such prior amount be paid in the future, it is uncertain whether the County would require repayment on a basis senior or subordinate to the payment of debt service on the 2022 Bonds. However, the Successor Agency believes the total past-due amount could be paid in one fiscal year from Pledged Tax Revenues available after the payment of debt service on the 2022 Bonds and, accordingly, the Successor Agency believes such repayment will not adversely impact the Successor Agency’s ability to pay debt service on the 2022 Bonds when due.

For more information about the Statutory Pass-Through Amounts, see Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues” and the Fiscal Consultant’s Report attached to this Official Statement as Appendix A.

### **Section 33676 Election**

Prior to the enactment of AB 1290, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law (“33676 Amounts”). The annual payments represent that portion of property taxes that are, or otherwise would be, calculated annually pursuant to subdivision (f) of Section 110.1 of the Revenue and Taxation Code (and referred to as the 2% inflation allocation). The Los Angeles County Office of Education elected to receive payments under Section 33676 within the Project Area. 33676 Amounts will be paid prior to debt service of the 2022 Bonds. See the caption “—Tax Increment Financing—*Tax Sharing*.” Also see the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues.” For more information regarding the 33676 Amounts payable by the Successor Agency, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix A.

### **Pass-Through Agreements**

Prior to 1994, under the Law, a redevelopment agency could enter into an agreement to pay former 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. These Pass-Through Agreements normally provided for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements.

The Former Agency entered into three Pass-Through Agreements with certain taxing agencies with respect to some or all of the Project Area. These Pass-Through Agreements are briefly summarized below and all are subordinate to the payment of debt service on the 2022 Bonds.

***Los Angeles County and County Flood Control District.*** On November 16, 1993, the Former Agency entered an agreement with the County and the County Flood Control District. The agreement requires that the County and the Flood Control District shall be allocated their share growth of tax increment due to the annual Proposition XIII inflation adjustment to the base year real property value of the Original Area. The adjustment of base year real property value is made by applying the rate of inflation in the Consumer Price Index (not to exceed two percent as allowed by the State Constitution) to the base year real property value and deducting the original base year real property value to determine the inflationary incremental value. The County and the Flood Control District receive their prorated share of the general levy (1%) revenue derived from this inflationary incremental value. The result is an annual pass-through that is independent of actual growth of assessed values in the Original Area.

Under the agreement, except for their shares of inflationary growth described above, the County and the Flood Control District did not receive any portion of the tax increment revenue from the beginning of the Original Area through Fiscal Year 2000-01. Beginning with Fiscal Years 2001-02 through 2005-06, the County and the Flood Control District received seven percent of the tax increment revenues generated in the Original Area less those amounts paid to the County and Flood Control District from inflationary growth. From Fiscal Years 2006-07 through 2010-11, the County and the Flood Control District received 13 percent of tax increment revenues generated in the Original Area and net of the inflationary payments. From Fiscal Years 2011-12 through 2015-16, the County and the Flood Control District received 19 percent of the tax increment revenues generated in the Original Area and net of the inflationary payments. From Fiscal Years 2016-17 through 2020-21, the County and the Flood Control District received 25 percent of the tax increment revenues generated in the Original Area and net of the inflationary payments. From Fiscal Years 2021-22 through 2030-31, the County and the Flood Control District are expected to receive 40 percent of the tax increment revenues generated in the Original Area and net of the inflationary payments. Commencing with Fiscal Year 2031-32 and continuing each fiscal year thereafter, the County and the Flood Control District are expected to receive annually receive 58.05% and 2.03% respectively of the tax increment revenues generated from the Original Area.

***Los Angeles Community College District.*** The Former Agency entered an agreement to share tax increment revenues with the Los Angeles Community College District on February 8, 1993. Under the agreement the Community College District shall be allocated its share growth of tax increment revenues resulting from the annual Proposition XIII inflation adjustment to the real property in the base year of the Original Area. Beginning in Fiscal Years 1995-96 through 2004-05, the Community College District was to receive 0.70% of the Tax Revenue generated in the Original Area less the payment for the inflation adjustment. Beginning in Fiscal Years 2005-06 through 2009-10, the Community College District was to receive 1.05% of the Tax Revenue generated in the Original Area less the payment for the inflation adjustment. Beginning in Fiscal Years 2010-11 through 2014-15, the Community College District was to receive 1.39% of the Tax Revenue generated in the Original Area less the payment for the inflation adjustment. Beginning in Fiscal Years 2015-16 through 2019-20, the Community College District was to receive 1.74% of the tax increment revenue generated in the Original Area less the payment for the inflation adjustment. Beginning in Fiscal Years 2020-21 through 2024-25, the Community College District is expected to receive 2.61% of the tax increment revenue generated in the Original Area less the payment for the inflation adjustment. Beginning in Fiscal Years 2025-26 through the end of the Redevelopment Plan, the Community College District is expected to receive 3.48% of the tax increment generated in the Original Area less the payment for the inflation adjustment.



**Los Angeles Unified School District.** The Former Agency entered an agreement with the Los Angeles Unified School District on February 20, 1991. Under the agreement the Former Agency is to pay the School District a portion of the tax increment revenues based upon the increase or decrease in the number of employees and/or buildings developed in the Original Area. The Successor Agency is required to survey the number of employees and square footage of building in the Original Area. To the extent that the amount of employees and/or square feet of buildings increase or decrease above their respective Base Year figures, the Successor Agency shall allocate and pay the School District that percentage of the School District's share of the Tax Increment Revenue generated in the Original Area. To date the number of employees and the square footage of building in the Original Area have both been below the respective base year figures and no payments have been made. The Successor Agency has indicated that it is unlikely that the number of employees and the square footage of buildings within the Original Area will ever return to the levels as they existed in the Base Year. The projections contained under the caption "PLEDGED TAX REVENUES" do not include any payments to the School District under the tax sharing agreement.

### **Issuance of Additional Indebtedness**

**No Additional Senior Obligations.** Under the Indenture, the Successor Agency has covenanted that it will not issue bonds or incur obligations that are payable from Pledged Tax Revenues on a senior basis to the 2022 Bonds. Upon the issuance of the 2022 Bonds and the completion of the refundings described under the caption "REFUNDING PLAN" there will be no bonds outstanding with a pledge or lien on the Pledged Tax Revenues senior to the 2022 Bonds.

**Parity Debt.** Section 34177.5(a) of the Dissolution Act presently permits successor agencies to issue bonds or incur other indebtedness secured by property tax revenues comprised of former tax increment revenues required by the Dissolution Act to be deposited into the respective Redevelopment Property Tax Trust Fund for the applicable successor agency under limited circumstances, including to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall 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 (B) the principal amount of the refunding bonds or the indebtedness will 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. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, having the same lien priority as the pledge of the bonds or other obligations to be refunded.

In addition to the 2022 Bonds, the Successor Agency may issue Parity Debt to refund any outstanding 2022 Bonds or Parity Debt for savings, in such principal amount as will be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following conditions precedent:

(a) No Event of Default under the Indenture or an event of default under any Parity Debt Instrument will have occurred and be continuing unless cured by the issuance of such Parity Debt;

(b) The Parity Debt must be issued to provide savings to the Successor Agency in compliance with Health and Safety Code Section 34177.5(a);

(c) A Supplemental Indenture or Parity Debt Instrument must be adopted which must (i) state the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such Parity Debt in a separate account of the Reserve Account or other debt service reserve account or fund as provided in such Supplemental Indenture or Parity Debt Instrument, to be held as separate security for such series of Parity Debt; (ii) designate accounts and subaccounts within the Debt Service Fund, including within the Reserve

Account if applicable, to be sued in connection with such Parity Debt; and (iii) set forth such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture; and

(d) The Successor Agency must deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the Indenture have been satisfied.

**Subordinate Obligations.** The Successor Agency has various enforceable obligations that are, or will be, listed on the Successor Agency's Recognized Obligation Payment Schedules and paid from moneys deposited in the Successor Agency's Redevelopment Property Tax Trust Fund from time to time, including the Pass-Through Agreements. The Successor Agency has determined that these obligations are either subordinate to the 2022 Bonds or not secured by a pledge of Pledged Tax Revenues. Nothing in the Indenture prevents the Successor Agency from issuing additional bonds or incurring other loans, advances or indebtedness payable from Pledged Tax Revenues on a subordinate basis to the 2022 Bonds.

## BOND INSURANCE

[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 is entered on separate parts of the assessment roll maintained by county assessors. 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. See the caption "RISK FACTORS—Bankruptcy and Foreclosure" for certain limitations on the priority of secured tax liens under federal law, however.

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

**Collections.** The method of collecting delinquent taxes is substantially different for secured and unsecured property. 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. Counties have 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.

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

***Delinquencies.*** The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. The County has not adopted a Teeter Plan alternative method of collection and distribution of taxes; therefore, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments. See Table 6 under the heading "THE PROJECT AREA—Levy and Collection."

***Supplemental Assessments.*** California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Area subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Pledged Tax Revenues. See Appendix A.

***Property Tax Administrative Costs.*** In 1990, the State Legislature enacted Senate Bill ("SB") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from Pledged Tax Revenues. The County's total administrative charge for the Project Area, deducted from the Fiscal Year 2021-22 Redevelopment Property Tax Trust Fund allocation to the Successor Agency, amounted to approximately 1.29% of the total gross tax revenue allocation for such period. The Fiscal Consultant assumes that the County property tax administration will continue to be annually charged at this percentage factor to the gross tax revenue generated by the Project Area in subsequent fiscal years. See the projections set forth in the Fiscal Consultant's Report attached as Appendix A and under the caption "PLEDGED TAX REVENUES—Projected Pledged Tax Revenues" herein.

***Pass-Through Agreements.*** Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Successor Agency's agreements with affected taxing agencies are referred to herein as "Pass-Through Agreements." See the caption "SECURITY FOR THE 2022 BONDS—Pass-Through Agreements" for a discussion of the Pass-Through Agreements and the treatment of Pass-Through Agreements under the Dissolution Act.

***Statutory Pass-Through Amounts.*** The payment of Statutory Pass-Through Amounts results from: (i) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (ii) redevelopment plan amendments which eliminate, extend or increase one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the caption "SECURITY FOR THE 2022 BONDS—Statutory Pass-Through Amounts" for a discussion of the Successor Agency's obligation to pay Statutory Pass-Through

Amounts to affected taxing agencies. Also see the caption “SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*.”

**33676 Amounts.** The Agency is required to pay certain inflationary increases in tax increment revenues referred to herein as 33676 Amounts to certain educational taxing agencies. See the caption “SECURITY FOR THE 2022 BONDS—Section 33676 Election” for a discussion of the Successor Agency’s obligation to pay 33676 Amounts. Also see the caption “SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*.”

**Recognized Obligation Payment Schedule.** The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, 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 pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to each June 1 property tax distribution date. See the caption “SECURITY FOR THE 2022 BONDS—Recognized Obligation Payment Schedule” and “RISK FACTORS—Recognized Obligation Payment Schedule.” See also “SECURITY FOR THE 2022 BONDS—Last and Final Recognized Obligation Payment Schedule” for a description of the Last and Final ROPS authorized by the Dissolution Act pursuant to SB 107.

### **Unitary Property**

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 tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property 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 State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 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 located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

Actual unitary revenues are expected to be \$126,547 for Fiscal Year 2021-22. Unitary tax revenues are pledged to payment of the 2022 Bonds; however, the projection of Pledged Tax Revenues set forth in Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues” and in the Fiscal Consultant’s Report attached hereto as Appendix A do not include unitary revenues.

### Article XIII A of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIII A to 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 State fiscal year 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. Each year the State Board of Equalization 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 Fiscal Year 2021-22, the current Fiscal Year, and the 11 prior Fiscal Years.

#### Historical Inflation Adjustment Factors

<i>Fiscal Year</i>	<i>Inflation Adj. Factor</i>
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
2021-22	1.036
2022-23	2.000

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 State Supreme Court and the United States Supreme Court.

In the general election held on 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.

### **Appropriations Limitation – Article XIII B**

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIII B to the State Constitution. 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 State fiscal year 1978-79, 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 is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIII B, nor will 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 State appellate court decisions. On the basis of these decisions, the Successor Agency does not believe that it is subject to Article XIII B and has not adopted an appropriations limit.

### **Articles XIII C and XIII D of the State Constitution**

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The 2022 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See the caption “—Propositions 218 and 26.”

### **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 (not 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. SB 107, which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override. The Metropolitan Water District levies a tax rate override, which would be available to pay debt service on the 2022 Bonds if needed. See the projection of Pledged Tax Revenues set forth in Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues.”

## **Redevelopment Plan Limits**

In 1993, the State legislature passed AB 1290, Chapter 942, Statutes 1993, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying: (i) the last date to incur debt for a redevelopment project; (ii) the last date to undertake redevelopment activity within a project area; (iii) the last date to collect tax increment revenue from a project area to repay debt; and (iv) a limitation on the number of dollars of taxes that could be allocated to the Former Agency from the applicable Project Area. See the caption “THE PROJECT AREA.”

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency’s enforceable obligations such as the 2022 Bonds. Further, County Auditor-Controller staff indicated to the Successor Agency’s fiscal consultant that they no longer track redevelopment plan limits. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A do not take into account the time and financial limitations set forth in the Redevelopment Plan for the Project Area. See the captions “THE PROJECT AREA—General” and “—Plan Limits.”

## **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 State Board of Equalization, 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 November 30 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 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 three 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 Pledged 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 Appendix A for information regarding the appeals pending with respect to the assessed valuations of the top ten property owners within the 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 pursuant

to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, 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.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Fiscal Consultant's Report does not assume any future reductions in assessed valuations as a result of Proposition 8, but there can be no assurance that such reductions will not be made in the future. See the caption "THE PROJECT AREA" for further information with respect to reductions in assessed value within the Project Area in the last ten fiscal years.

### **Propositions 218 and 26**

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D 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 XIII C of the State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Pledged Tax Revenues securing the 2022 Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

### **Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D to the State Constitution 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 Agency revenues or the Successor Agency's ability to expend revenues.

### **THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON**

The Former Agency was established by the City Council of the City and was activated by Ordinance adopted by the City Council on September 16, 1986, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled California Redevelopment Association, et al. v. Matosantos, et al., was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State 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 State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Dissolution Act, the City Council of the City serves 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 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 Successor Agency is governed by the five-member legislative body (the “Board”) which consists of the City Council of the City. The Mayor acts as the Chair of the Board, the City Administrator as its Executive Director, the City Clerk as its Secretary and the Finance Director of the City as its Treasurer.

### **Agency Powers**

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and successor to the organizational status of the Former Agency, but without any legal authority to participate in redevelopment activities except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Board and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file not later than the first day of October of each year with the County Auditor a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency’s statement of indebtedness. The Dissolution Act eliminates this requirement and provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and that, commencing on such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law. See the caption “SECURITY FOR THE 2022 BONDS—Recognized Obligation Payment Schedule.”

### **THE PROJECT AREA**

Under the Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word. In general, each redevelopment plan originally included specified time and financial limitations applicable to each project area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the applicable redevelopment plan are not effective for purposes of paying the Successor Agency’s enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area. Also, the County Auditor-Controller may only deposit revenues into the RPTTF after a Project Area reaches a plan limit set forth in the redevelopment plan if and to the extent the Successor Agency provides evidence that the revenues are needed to pay enforceable obligations. See below under this caption for additional information regarding the Project Area, including information on land use, property ownership, assessed valuation and Pledged Tax Revenues generated within the Project Area. See “SECURITY FOR THE 2022 BONDS—Pledged Tax Revenues.”

**General**

On November 27, 1990, the City Council of the City adopted Ordinance No. 992 which adopted the Industrial Redevelopment Plan for the Project Area. The Project Area includes approximately 2,125 acres of land, covering approximately 64% of the total area of the City. The original Project Area (the “Original Area”) consists of approximately 1,988 acres. On July 14, 1998, by Ordinance No. 1063, the Former Agency adopted an amended and restated redevelopment plan for the Project Area (the “Redevelopment Plan”) to add area (the “Amendment Area” and, together with the Original Area, the “Project Area”) to the Project Area, composed of approximately 137 acres. The zoning code within the City of Vernon is primarily devoted to industrial and commercial uses.

**Project Area Characteristics**

Taxable values for the Project Area for the current and past nine fiscal years are set forth in the below tables. Additional information is set forth in Appendix A.

**Table 1  
SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Historic Taxable Values**

<i>Fiscal Year Ending June 30</i>	<i>Taxable Value</i>	<i>Percent Change in Taxable Value</i>	<i>Incremental Value</i>	<i>Percent Change in Incremental Value</i>
2013	\$2,966,008,328	N/A	\$1,530,865,961	N/A
2014	2,997,496,451	1.06%	1,618,531,217	5.73%
2015	3,066,754,690	2.31	1,639,905,112	1.32
2016	3,219,633,911	4.99	1,792,809,199	9.32
2017	3,345,752,283	3.92	1,900,818,361	6.02
2018	3,538,801,179	5.77	2,095,350,492	10.23
2019	3,841,007,129	8.54	2,397,245,682	14.41
2020	4,242,105,818	10.44	2,798,344,371	16.73
2021	4,405,433,065	3.85	2,961,671,618	5.84
2022	4,769,283,843	8.26	3,330,881,731	12.47

Source: The Fiscal Consultant.

The top ten taxpayers for the Project Area in the current fiscal year are set forth in the below table.

**Table 2**  
**SUCCESSOR AGENCY OF THE**  
**FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON**  
**Top Ten Taxpayers (Fiscal Year 2021-22)**

<i>Property Owner</i>	<i>Combined Value</i>	<i>% of Total Assessed Value</i>	<i>% of Total Incremental Value</i>	<i>Primary Land Use</i>
1. BPREP 2200 East 55th Avenue LLC <sup>(2)</sup>	\$ 156,080,281	3.27%	4.69%	Industrial/Food Processing
2. Lineage Master RE 6 LLC <sup>(1)(2)</sup>	127,071,764	2.66%	3.81%	Industrial/Food Processing
3. Rexford Industrial	93,771,000	1.97%	2.82%	Industrial/Warehousing
4. Owens Brockway Glass Container Inc. <sup>(1)</sup>	84,691,398	1.78%	2.54%	Glass Container Manufacturing
5. Cape Ann Properties LLC	76,787,360	1.61%	2.31%	Industrial Warehousing
6. UB Hannibal LLC <sup>(1)</sup>	72,691,829	1.52%	2.18%	Industrial/Manufacturing
7. 4415 Bandini Boulevard Investors LLC <sup>(2)</sup>	58,626,714	1.23%	1.76%	Industrial/Food Processing
8. Matheson Tri-Gas Inc <sup>(1)</sup>	51,265,268	1.07%	1.54%	Industrial Gas Supplier
9. Southland Box Company	50,125,653	1.05%	1.50%	Corrugated Box Manufacturing
10. GTS Living Foods LLC <sup>(2)</sup>	48,647,198	1.02%	1.46%	Food Processing/Bottling
<b>Total</b>	<b>\$ 819,758,465</b>			
<b>Total Assessed Value</b>	<b>\$4,769,283,843</b>	<b>17.19%</b>		
<b>Total Incremental Value</b>	<b>\$3,330,881,731</b>		<b>24.61%</b>	

<sup>(1)</sup> Property owner total value includes unsecured assessed values. See the Fiscal Consultant’s Report attached hereto as Appendix A.

<sup>(2)</sup> Property owner has assessment appeals pending on secured and/or unsecured assessments.

Source: The Fiscal Consultant.

See the caption “RISK FACTORS—Concentration of Ownership.” Additional information on the top three largest taxpayers can be found below.

The assessed valuation in the Project Area for the current fiscal year by land use category is set forth in the below table.

**Table 3**  
**SUCCESSOR AGENCY OF THE**

**FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Land Use Statistics (Fiscal Year 2021-22)**

<i>Land Use</i>	<i>No. of Parcels</i>	<i>Taxable Value</i>	<i>Percentage Total Taxable Value</i>
Commercial	68	\$ 86,911,132	1.82%
Industrial	820	3,790,090,586	79.47
Irrigated	1	23	0.00
Miscellaneous	3	2,357,107	0.05
Vacant Land <sup>(1)</sup>	110	99,466,432	2.09
Exempt	<u>281</u>	<u>0</u>	<u>0.00</u>
<b>Total Parcels</b>	<b>1,283</b>	<b>\$ 3,978,825,280</b>	<b>83.43%</b>
SBE Non-unitary		63,017,246	1.32
Cross Reference		15,749,018	0.33
Unsecured		<u>711,692,299</u>	<u>16.57%</u>
<b>Total Value</b>		<b>\$ 4,769,283,843</b>	<b>100.00%</b>

<sup>(1)</sup> According to the figures provided on the Assessor’s tax rolls, there are 110 taxable vacant parcels within the Project Area, totaling approximately 87.92 acres. Of these, eight are owned by the City of Los Angeles Department of Water and Power. These eight parcels total 12.26 acres. This taxable vacant land is 14% of all the acreage within the Project Area.  
Source: The Fiscal Consultant.

**Assessment Appeals**

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value.

Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor’s original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Two of the top ten taxpayers within the Project Area have filed assessments appeals that are currently pending. See the Fiscal Consultant’s Report attached as Appendix A for more information regarding these property taxpayers. Additional appeals to assessed values in the Project Areas may be filed from time to time in the future. The Successor Agency cannot predict the extent of these appeals or their likelihood of success.

The following table presents information regarding assessment appeals within the Project Areas as of January 10, 2022. The Fiscal Consultant’s estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant’s estimated reductions in values are reflected in its projections.

The following tables summarize the potential losses that are incorporated into the Fiscal Consultant’s projections:

**Table 4**  
**SUCCESSOR AGENCY OF THE**  
**FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON**  
**Assessment Appeals Summary as of January 10, 2022**

<i>Total No. of Appeals</i>	<i>No. of Resolved Appeals</i>	<i>No. of Successful Appeals</i>	<i>Orig. Area Average AV Reduction</i>	<i>No of Pending Appeals</i>	<i>Value of Appeals Pending<sup>(1)</sup></i>	<i>Est. No. Pending Allowed</i>	<i>Est. Reduction of Value on Pending Appeals Allowed<sup>(2)</sup></i>
157	51	33	13.15%	106	\$872,051,011	69	\$96,505,085

<sup>(1)</sup> Reflects the total assessed value of the property subject to appeal and does not reflect the applicant’s opinion of value.

<sup>(2)</sup> Projected value adjustment for Fiscal Year 2022-23. See Table 7 below.

Source: The Fiscal Consultant.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County’s allocation to the RPTTF.

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant’s projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value. See Table 1 in this Official Statement for a summary of historical assessed property valuations in the Project Areas. For more information about appeals and the Fiscal Consultant’s assumptions, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix A.

**Transfers of Ownership and New Development**

After the January 1, 2021 lien date for fiscal year 2021-22 there were 47 transfers of real property ownership within the Original Area and three transfers of real property ownership within the Amendment Area where the sales price can be confirmed. These transfers of ownership represent a combined increase of \$224.1 million in assessed value that is expected to be added to the Project Area tax rolls for fiscal year 2022-23.

The State assessed electrical generation facility that has been owned by Bicent (California) Malburg LLC was recently purchased by the City of Vernon. The facility is valued at \$50,900,000 on the fiscal year 2021-22 tax roll but as a result of the change in ownership, it is expected that this property will be tax exempt for fiscal year 2022-23 and subsequent years. Within the projects of Pledged Tax Revenues set forth in this Official Statement and in the Fiscal Consultant’s Report attached hereto as Appendix A, the Fiscal Constant has assumed a loss of \$50,900,000 to be applied to fiscal year 2022-23 and for all subsequent years.

New development continues to occur within the Project Area but no additional value has been included for new construction in the projections of Pledged Tax Revenues set forth in this Official Statement and in the Fiscal Consultant’s Report attached hereto as Appendix A.

**Historical and Estimated Redevelopment Property Tax Trust Fund Distributions**

The following table shows the historical assessed value and Redevelopment Property Tax Trust Fund deposits for each of the Project Areas.

**Table 5  
SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Historical Assessed Value and Available Tax Revenues**

	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
Total Assessed Value	\$3,345,752,283	\$3,538,801,179	\$3,841,007,129	\$4,242,105,818	\$4,405,433,065
Incremental Value	1,900,818,361	2,095,350,492	2,397,245,682	2,798,344,371	2,961,671,618
Total Annual Increment <sup>(1)</sup>	19,008,184	20,953,505	23,972,457	27,983,444	29,616,716
<b>Gross RPTTF Deposits<sup>(2)</sup></b>	<b>21,156,211</b>	<b>20,834,581</b>	<b>27,232,860</b>	<b>28,725,164</b>	<b>33,234,393</b>
Less: County Admin. Fees	(356,965)	(391,576)	(485,947)	(532,108)	(545,366)
Less: Pass-Through Payments <sup>(3)</sup>	(9,046,027)	(9,682,716)	(11,640,335)	(12,334,145)	(13,866,931)
<b>Revenue Available for Enforceable Obligations</b>	<b>\$11,753,219</b>	<b>\$10,760,289</b>	<b>\$15,106,577</b>	<b>\$15,858,911</b>	<b>\$18,822,096</b>

<sup>(1)</sup> Includes secured and unsecured taxes computed based on the Incremental Value multiplied by the tax rate that includes the 1% general levy tax rate for properties within the Project Area.  
<sup>(2)</sup> Includes regular secured, unsecured, Unitary, supplemental and other taxes collected for the given fiscal year as deposited into the RPTTF.  
<sup>(3)</sup> The County’s practice is to deduct all pass-through obligations from the RPTTF, regardless of their lien priority, before remitting the balance to the Successor Agency to pay debt service, absent the receipt of a Notice of Insufficiency.  
Source: The Fiscal Consultant.

**Levy and Collection**

The following table sets forth property tax levy and collections in the Project Area from Fiscal Year 2016-17 through 2020-21. The County has not adopted the “Teeter Plan” alternative method for collection of taxes and, therefore, the receipt of property taxes is subject to delinquencies. Actual total receipts of tax increment revenue have averaged 101.38% of the levy for the Project Area over such five-year period. These revenues include current year tax revenues as well as supplemental assessment revenue and prior collections.

**Table 6  
SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Historical Collection Rates**

<i>Fiscal Years</i>	<i>Original Tax Levy</i>	<i>Current Year Apportioned</i>	<i>Current Year Supplemental Revenue</i>	<i>Prior Year Collections</i>	<i>Total Apportioned</i>	<i>Current Year Collection %</i>	<i>Total Collection %</i>
2016-17	20,204,930	19,907,075	981,707	(443,298)	20,445,485	98.53%	101.19%
2017-18	21,951,401	21,254,638	842,481	(654,055)	21,443,063	96.83%	97.68%
2018-19	25,562,285	25,107,962	1,782,907	363,217	27,254,086	98.22%	106.62%
2019-20	29,688,347	28,753,624	1,117,163	(304,460)	29,566,328	96.85%	99.59%
2020-21	33,687,891	32,646,388	1,469,179	177,583	34,293,150	96.91%	101.80%

Source: The Fiscal Consultant.

**PLEGGED TAX REVENUES**

Pledged Tax Revenues are to be deposited in the Redevelopment Obligation Retirement Fund, and thereafter and after transfers have been made by the Successor Agency to the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the 2022 Bonds.

**Projected Pledged Tax Revenues**

The Successor Agency retained the Fiscal Consultant to provide projections of taxable valuation and Pledged Tax Revenues from developments in the Project Area. The Successor Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption “RISK FACTORS.” Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Pledged Tax Revenues for the Project Area is set forth in the following table.

The projections set forth in Table 7 assume two percent inflation growth in Fiscal Year 2022-23, with no additional growth thereafter, and also take into account increases of approximately \$224.1 million for 50 land sales which recorded in 2021. The projections set forth in Table 7 also reflect a reduction in assessed value of approximately \$50.9 million in Fiscal Year 2022-23 from the transfer of the Bicent (California) Malburg owned electrical generation facility to the City, and therefore tax-exempt ownership. See the Fiscal Consultant’s Report attached hereto as Appendix A for more information with respect to the assumptions used by the Fiscal Consultant in the Fiscal Consultant’s projection of Pledged Tax Revenues.

**Table 7  
SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Projected Pledged Tax Revenues**

<i>Fiscal Year Ending June 30</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Taxable Value Over Base</i>	<i>Pledged Tax Revenues<sup>(2)</sup></i>	<i>County Admin. Charges<sup>(3)</sup></i>	<i>Senior Pass-Through Amounts<sup>(4)</sup></i>	<i>Net Pledged Tax Revenues<sup>(5)</sup></i>
2022	\$4,769,283,84 3	\$3,330,881,73 1	\$33,435,364	\$(432,599)	\$(2,191,111)	\$30,811,654
2023	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2024	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2025	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2026	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2027	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2028	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119
2029	4,931,105,905	3,492,703,793	35,053,585	(453,536)	(2,339,930)	32,260,119

(1) Taxable values as reported by Los Angeles County. Real property consists of land and improvements. Values for Fiscal Year 2022-23 increased for inflation by 2.00%, with no additional inflation growth thereafter. Values for Fiscal Year 2022-23 also increased by \$224.1 million for 50 sales recorded in 2021. Values in the Original Area will decline in 2022-23 by approximately \$50.9 million from the transfer of Bicent (California) Malburg-owned electrical generation facility to tax-exempt ownership. Values for Fiscal Year 2022-23 reduced for projected appeals losses of \$96.5 million. Personal property is held constant at Fiscal Year 2021-22 level. No additional growth is assumed after Fiscal Year 2022-23.

(2) Projected Pledged Tax Revenues are based upon incremental taxable values factored against the general levy tax rate of \$1.00 per \$100 of taxable value. Per AB X1 26, all revenue derived from debt service override tax rates will be directed to the levying entities..

(3) See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs.*” The projections in this Official Statement assume the annual County Administrative Fee will be 1.29% of Pledged Tax Revenues, consistent with the actual fee charged in Fiscal Year 2021-22. See Appendix A.

(4) Includes Statutory Pass-Through Amounts and 33676 Amounts. See the captions “SECURITY FOR THE 2022 BONDS—Statutory Pass-Through Amounts” and “—Section 33676 Amounts.”

(5) Tax Pledged Tax Revenues less the County Administrative Charges and Senior Pass-Through Amounts.

Source: The Fiscal Consultant.

**Debt Service Coverage**

Set forth below is the estimated debt service coverage for the 2022 Bonds using projected Fiscal Year 2022-23 Pledged Tax Revenues assuming no growth in tax increment revenues thereafter.

**Table 8  
SUCCESSOR AGENCY OF THE  
FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON  
Estimated Debt Service Coverage**

<i>Year Ending June 30</i>	<i>Net Pledged Tax Revenues<sup>(1)</sup></i>	<i>2022 Bonds<sup>(2)*</sup></i>	<i>Debt Service Coverage*</i>
2023	\$32,260,119	\$2,957,894.65	10.91x
2024	32,260,119	4,130,670.50	7.81
2025	32,260,119	4,184,970.50	7.71
2026	32,260,119	4,234,668.50	7.62
2027	32,260,119	4,292,108.50	7.52
2028	32,260,119	4,347,888.50	7.42
2029	32,260,119	3,606,630.00	8.94

\* Preliminary, subject to change.

(1) See Table 7 under the caption “—Projected Pledged Tax Revenues,” above.

(2) Debt service on the 2022 Bonds for the Bond Year that begins in the applicable Fiscal Year.

Source: The Fiscal Consultant; the Underwriter.

**RISK FACTORS**

*The following information should be considered by prospective investors in evaluating the 2022 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 2022 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

**Reduction in Taxable Value**

Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency’s control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the 2022 Bonds. Such reduction in Pledged Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the 2022 Bonds.

As described in greater detail under the caption “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 2% 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 2022 Bonds could reduce Pledged Tax Revenues securing the 2022 Bonds.



In addition to the other limitations on and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, as described in this Official Statement, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged 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 Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the source of repayment and security of the 2022 Bonds.

### **Concentration of Ownership**

The ten largest property taxpayers in the Project Area, based upon the Fiscal Year 2021-22 locally assessed tax roll reported by the County Assessor, owned approximately 17.19% of the total assessed value within the Project Area and approximately 24.61% of the total incremental assessed value within the Project Area. See the Fiscal Consultant's Report attached to this Official Statement as Appendix A. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Pledged Tax Revenues could result. See the caption "THE PROJECT AREA—Largest Taxpayers" for more information about these ten largest property taxpayers and see "THE PROJECT AREA—Assessment Appeals" for information as to pending appeals of tax assessments.

### **Risks to Real Estate Market**

The Successor Agency's ability to make payments on the 2022 Bonds is dependent upon the economic strength of the Project Area. The general economy of the Project Area is subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the 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 Pledged Tax Revenues by the Successor Agency from the Project Area.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption "—Bankruptcy and Foreclosure" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

### **Reduction in Inflation Rate**

As described in greater detail above, 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 rate of inflation, 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 adjustments to the full cash value of real property within the 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 Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the 2022 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency’s ability to make timely payments on the 2022 Bonds. As discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Delinquencies*,” the County has not adopted a “Teeter Plan” alternative method for collection of taxes and, therefore, the receipt of property taxes is subject to delinquencies. Any reduction in Pledged Tax Revenues, regardless of the reason, could have an adverse effect on the Agency’s ability to pay the principal of and interest on the 2022 Bonds. See Table 6 under the caption “THE PROJECT AREA—Levy and Collection.”

### **State Budget Issues**

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State’s budget acts for its fiscal years 2011-12 and 2012-13, respectively, and constituted efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets which were previously held by redevelopment agencies to cities, counties and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues. See the caption “—Changes in the Law.”

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the State fiscal year 2015-16 budget, after having initially been presented as AB 113, a trailer bill to the State fiscal year 2015-16 budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorized successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of successor agencies, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of a successor agency’s enforceable obligations.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, <http://www.dof.ca.gov>, under the heading “California Budget.” An impartial analysis of the budget is posted by the Legislative Analyst’s Office (the “LAO”) at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the Successor Agency or the Underwriter,

and the Successor Agency and the Underwriter take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted thereon, and such information is not incorporated herein by these references.

For additional information regarding the 2021-22 State Budget and the proposed 2022-23 State Budget, see the DOF's website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov).

*None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. Neither the Successor Agency nor the Underwriter makes any representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, 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 pursuant to which enforceable obligations (as described under the caption "SECURITY FOR THE 2022 BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the June 1 property tax distribution date. See the caption "SECURITY FOR THE 2022 BONDS—Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA—Section 33676 Election—*Recognized Obligation Payment Schedule*." In the event that the Successor Agency fails to file a Recognized Obligation Payment Schedule with respect to a fiscal year, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

In the event that a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act 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 applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any moneys in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the 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, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Statutory Pass-Through Amounts. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;

(ii) Second, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule;

(iii) Third, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) Fourth, the remainder is distributed to the taxing entities in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in such fiscal year (without adjustment for pass-through obligations).

If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such fiscal year would be distributed to taxing entities pursuant to clause (iv) above.

Additionally, regardless of whether Redevelopment Property Tax Trust Fund moneys are sufficient to pay all pass-through amounts and enforceable obligations, the County Auditor-Controller will disburse moneys to taxing agencies for pass-through payments prior to disbursing any moneys to the Successor Agency for debt service on the 2022 Bonds or other enforceable obligations. The Successor Agency has not taken any action to subordinate the Statutory Pass-Through Amounts to the 2022 Bonds and therefore the Statutory Pass-Through Amounts are senior to debt service on the 2022 Bonds. See the caption "SECURITY FOR THE 2022 BONDS—Tax Increment Financing—*Tax Sharing*," and "—Statutory Pass-Through Amounts."

The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act, including without limitation to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

Further, the Successor Agency covenants in the Indenture to take all actions required under the Dissolution Act to include: (i) scheduled debt service on the 2022 Bonds and any Parity Debt and any amount required under the Indenture to replenish the Reserve Account established thereunder or the reserve account established under any Parity Debt Instrument, (ii) payments on Pass-Through Agreements which have not been subordinated to the Bonds, if any, to the extent such payments have not been made by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)(1), and (iii) amounts due to any Insurer hereunder, under any Parity Debt Instrument or under an insurance or surety bond agreement in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2022 Bonds coming due in the respective ROPS Period to pay amounts owed to any Insurer, as well as the other amounts set forth above.

In order to ensure the timely payment of debt service on the 2022 Bonds, on or before each March 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to DOF and to the County Auditor-Controller that will include, from the first Pledged Tax Revenues distributed to the Successor Agency on each January 2 and June 1 Redevelopment Property Tax Trust Fund distribution date (subject to payments for County administrative expenses and to certain taxing entities, as provided in the Indenture): (i) all debt service due on all Outstanding 2022 Bonds and Parity Debt coming due during such Bond Year (with at least one-half of such Bond Year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on January 2 and the remainder of such Bond Year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on June 1), as well as all amounts due and owing to the 2022 Insurer or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to

this Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2022 Insurer or to any other Insurer). The Successor Agency shall have the right, in its sole and absolute discretion, to request up to 100% of the principal and interest coming due during the applicable Bond Year from the RPTTF moneys to be distributed to the Successor Agency on the January 2 RPTTF distribution date during such Bond Year, and to request the remainder of such Bond Year's debt service to be distributed from the RPTTF on June 1 during such Bond Year. See Appendix B.

The Dissolution Act also imposes certain penalties in the event that the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for each fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the following Fiscal Year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Successor Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the Successor Agency or 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. The Successor Agency has submitted each prior Recognized Obligation Payment Schedule on or before the statutory deadline.

#### **Last and Final Recognized Obligation Payment Schedule**

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by the oversight board and DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the successor agency has received Redevelopment Property Tax Trust Fund moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further Redevelopment Property Tax Trust Fund moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Successor Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Successor Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to the Insurers of 2022 Bonds or other Parity Debt.

See the caption "SECURITY FOR THE 2022 BONDS—Last and Final Recognized Obligation Payment Schedule" for a discussion of the requirements for a Last and Final ROPS and the mechanics for allocation of Redevelopment Property Tax Trust Fund moneys pursuant to an approved Last and Final ROPS.

[The Successor Agency has no immediate plans to file a Last and Final ROPS. However, the Successor Agency has covenanted in the Indenture not to submit to the Oversight Board or the California Department of Finance a request for the final amendment permitted for its Last and Final ROPS without the prior written consent

of the 2022 Insurer unless all amounts that could become due to the 2022 Insurer are included as a line item on the Last and Final ROPS, as amended.]

### **Parity Debt Issued Without Reserve**

The Indenture permits the issuance of Parity Debt, subject to compliance with certain requirements. See the caption “SECURITY FOR THE 2022 BONDS—Issuance of Additional Indebtedness.” The Successor Agency is not required to (but is permitted to) maintain a reserve account for such Parity Debt. In the event Pledged Tax Revenues are insufficient to pay debt service on all Bonds and Parity Debt, the likelihood of a default by the Successor Agency with respect to Parity Debt issued without a reserve account would be higher than the likelihood of default by the Successor Agency on the 2022 Bonds or Parity Debt issued with a reserve account, because moneys held in the Reserve Account or the reserve account maintained for such Parity Debt would only be available to make payments on the 2022 Bonds and such Parity Debt, not to make payments on Parity Debt issued without a reserve.

The Successor Agency’s ability to issue Parity Debt is limited to refundings of Outstanding 2022 Bonds and other Parity Debt for savings. The Successor Agency projects that sufficient Pledged Tax Revenues will be available to make debt service payments on the 2022 Bonds. See Table 7 under the caption “PLEDGED TAX REVENUES—Projected Pledged Tax Revenues.”

### **Parity and Subordinate Debt**

The Indenture permits the issuance by the Successor Agency of certain refunding indebtedness which may have a lien upon the Pledged Tax Revenues on parity with the lien of the 2022 Bonds. The Successor Agency has covenanted not to issue any additional obligations with a lien on Pledged Tax Revenues senior to the lien of the 2022 Bonds. See “SECURITY FOR THE 2022 BONDS—Limitations on Additional Indebtedness” for a description of the conditions precedent to issuance of such additional obligations. The Indenture does not limit the issuance of tax allocation bonds or other indebtedness secured by a pledge of tax increment revenues subordinate to the pledge of Pledged Tax Revenues securing the 2022 Bonds.

### **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 County Auditor-Controller on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora is a monoline financial guaranty insurer domiciled in the State of New York and has 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 2022 Bonds.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Pledged 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 (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the 2022 Bonds (including Bond Counsel's approving legal opinions) 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 because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale 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 2022 Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the 2022 Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

### **Estimated Revenues**

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the 2022 Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues available to pay debt service on the 2022 Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 2022 Bonds.

## Hazardous Substances

**General.** While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated 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 taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not only from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

**Exide Technologies.** In March 2015, the Exide Technologies, Inc. battery recycling facility located in the City (the “Exide Facility”) was permanently shut down after being in operation under the ownership of various entities since 1922. In 2013, the California Department of Toxic Substances Control (“DTSC”) ordered Exide to start sampling soil for lead contamination in residential areas nearest the Exide Facility. Activities conducted at the Exide Facility that may have contributed to contamination of offsite properties include battery breaking, smelting, refining lead, and storage, handling, and transportation of batteries, finished lead product, and other materials associated with lead recycling operations. The Exide Facility is located within the Project Area.

In February 2015, the DTSC notified Exide that the DTSC would deny Exide’s request for a new operating permit, and then ordered Exide to expand the soil sampling. DTSC’s preliminary analysis of approximately 20,000 samples concluded that lead contamination released by operations at the Exide Facility extended 1.3 to 1.7 miles from the Exide Facility. This 1.7 mile radius surrounding the Exide Facility became the DTSC’s Preliminary Investigation Area and certain residential properties and other sensitive land uses within the Preliminary Investigation Area have been identified as requiring remediation. The Preliminary Investigation Area includes properties in the Cities of Bell, Commerce, Huntington Park, Los Angeles (Boyle Heights Neighborhood), and portions of unincorporated Los Angeles County. DTSC is overseeing the closure of the Exide Facility and the related cleanup efforts. In April 2016, the California Legislature approved a \$176.6 million appropriation for the cleanup efforts related to the Exide Facility, which was expected to allow for the remediation of approximately 2,500 properties within the Preliminary Investigation Area. In the 2021-22 state budget, an additional \$322.4 million was allocated to continue cleanup of impacted properties.

To date, DTSC has prioritized homes, schools, parks and daycare centers for cleanup based on sampling results. According to the DTSC, cleanup for all schools, parks, and daycares are completed. Additionally, DTSC has noted a continued clean-up of qualified residential properties at a rate of approximately 80 homes per month.



With existing funding, DTSC anticipates completing the cleanup of all residential properties (5,940) by March 31, 2025.

### **COVID-19 (Coronavirus) Pandemic**

The COVID-19 pandemic and the governmental actions to respond to and control the outbreak materially altered the behavior of people and disrupted business activity, resulting in a significant contraction of the national, state and local economies. Employment data released since the imposition of governmental restrictions on activities showed a dramatic increase in unemployment rates and, while some recovery of jobs has occurred, unemployment rates remain above pre-pandemic levels. In addition, domestic and international stock markets experienced declines in market value following the onset of the outbreak. Although rebounds in the global financial markets have since occurred, price volatility remains.

With widespread vaccination currently underway worldwide, the domestic governmental-imposed “stay-at-home” orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased. Restrictions, however, may be re-imposed in various jurisdictions from time to time as local conditions warrant. It is not known with any level of certainty when a full re-opening of the economy will be achieved and sustained. The negative effects of the COVID-19 pandemic and its aftermath on global, national and local economies is widely expected to continue at least for the foreseeable future.

The COVID-19 outbreak is ongoing and developments will continue. The ultimate degree of impact of COVID-19 on the Project Area and the Pledged Tax Revenues is difficult to predict due to the evolving nature of the COVID-19 pandemic. However, to-date the Successor Agency has not experienced significant operational or financial impacts.

### **Natural Disasters**

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

**Seismic Risks.** Several active fault zones lie within Southern California. The Project Area is located in a seismically active region. Significant faults are located near the Project Area, including the Newport-Inglewood Fault. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the Project Area. The City has an emergency response plan that would be implemented under such circumstances.

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the 2022 Bonds.

**Flood Risks.** Although the Los Angeles River flows through the City for a distance of approximately three miles and would frequently overflow its banks under historic natural conditions, the river was contained within a concrete-lined flood control channel early in the twentieth century, substantially reducing the potential for overflowing of the river banks or overtopping of the dams that could cause flooding of adjacent areas. According to the Safety Element of the City’s General Plan, no portion of the City is located within a FEMA-designated 100-year flood plain; however, a portion of the City is located within a FEMA-designated 500-year flood plain.

Furthermore, according to the Safety Element of the City’s General Plan, nearly all of the land in the City lies within the potential inundation areas for both Hansen Dam and Sepulveda Dam, which are located in

separate areas of the San Fernando Valley, more than 20 miles northwest of the City. In the event that a catastrophic earthquake causes the collapse of either of these dams, water and debris would flow to and then generally along the Los Angeles River in a fairly narrow stream before spreading out over a swath of the coastal plain several miles wide, including the City.

If flooding were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the 2022 Bonds.

### **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 Pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the 2022 Bonds.

### **Investment Risk**

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the 2022 Bonds will be deposited and into which Pledged Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. See also the caption "— Bankruptcy and Foreclosure."

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2022 Bonds, or, if a secondary market exists, that the 2022 Bonds can be sold for any particular price. Although the Successor Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Owners of the 2022 Bonds on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure" and Appendix G. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. 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. Such prices could be substantially different from the original purchase price.

### **No Validation Proceeding Undertaken**

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the 2022 Bonds, Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the 2022 Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the 2022 Bonds and specifying the related deadline for any challenge to the 2022 Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2022 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the 2022 Bonds and the Oversight Board Resolution on February 21, 2020.

It is possible that the definition of Pledged Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. However, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the 2022 Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Successor Agency believes this constitutional provision would provide some protection against the adverse consequences upon the Successor Agency and the availability of Pledged Tax Revenues for the payment of debt service on the 2022 Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the 2022 Bonds.

### **Bonds Are Limited Obligations**

Neither the faith and credit nor the taxing power of the Successor Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the 2022 Bonds. The 2022 Bonds are special obligations of the Successor Agency; and, except as provided in the Indenture, they are payable solely from Pledged Tax Revenues. Pledged Tax Revenues could be insufficient to pay debt service on the 2022 Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Successor Agency following a delinquency in the payment of the applicable property taxes. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Delinquencies*," under its current policies, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future. The Successor Agency has no obligation to pay debt service on the 2022 Bonds in the event of insufficient Pledged Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the Reserve Account.

### **Bond Insurance**

[In the event of default of the payment of the scheduled principal of or interest on the 2022 Bonds when all or some becomes due, the Trustee on behalf of any owner of the 2022 Bonds shall have a claim under the Policy for such payments. In the event the 2022 Insurer makes a payment to Owners of the 2022 Bonds under the Policy, the 2022 Insurer will be subrogated to the rights of such Owners of the 2022 Bonds to direct and consent to remedies with respect to the 2022 Bonds. The 2022 Insurer may direct and must consent to any remedies with respect to the 2022 Bonds and the 2022 Insurer's consent may be required in connection with amendments to any applicable documents relating to the 2022 Bonds. See Appendix B – "SUMMARY OF THE INDENTURE—SECURITY OF BONDS; FLOW OF FUNDS—Provisions Relating to 2020 Insurance Policy."

The long-term ratings on the 2022 Bonds are dependent in part on the financial strength of the 2022 Insurer and its claims paying ability. The 2022 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 2022 Insurer and the ratings on the Bonds will not be subject to downgrade and such event could

adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “CONCLUDING INFORMATION—Ratings” herein.

The obligations of the 2022 Insurer are unsecured contractual obligations and in an event of default by the 2022 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 2022 Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2022 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 2022 Bonds and the claims paying ability of the 2022 Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information regarding the 2022 Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the 2022 Insurer.]

### **Limitations on Remedies**

Remedies available to the Owners of the 2022 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2022 Bonds or to preserve the tax-exempt status of the 2022 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2022 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the 2022 Bonds, and the obligations incurred by the Successor Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption “—Bankruptcy and Foreclosure.”

### **Cybersecurity**

The City and Successor Agency rely on computers and technology to conduct their operations. The City and Successor Agency face cyber threats from time to time, including but not limited to hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers and an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal. Cyberattacks are becoming more sophisticated and certain cyber incidents, such as surveillance, may remain undetected for an extended period.

[The City employs a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering software. The City also contracts with third party vendors to monitor and augment internal monitoring of the City’s computer systems. Vernon Public Utilities recently performed a cybersecurity self-assessment of the City’s electric system, using the American Public Power Association’s Cybersecurity Scorecard (which is based on a United States

Department of Energy Electricity Subsector Cybersecurity Capability Maturity Model) to assess cyber risk, plan improvements, prioritize investments and benchmark the security posture of the City's electric system. The items addressed in the scorecard include maintaining an inventory of critical cyber or information technology assets, monitoring networks and assets for suspicious activities, planning for relocation of information systems, ensuring relevant employees are trained to respond to incidents, establishing emergency contact information for cyber specific incidents and planning new preventative measures. The City has also signed mutual assistance agreements with the California Utilities Emergency Association to send and receive mutual assistance for cyber security issues should they arise.] **[UPDATE AS NEEDED]**

In November 2021, the City became aware that an unauthorized person or persons gained access to the email accounts of five City employees. Since becoming aware of the incident, the City initiated an investigation and retained a consultant to conduct a forensic evaluation regarding the incident as well as whether any personal identifiable information had been compromised. As of the date of this Official Statement, the evaluation is still ongoing. The City has not suffered any material financial consequences to date as a result of the incident.

No assurances can be given that the City's security and operational control measures will guard against all cyber threats and attacks. The results of any attack on the City's computer and information-technology systems could adversely affect the City's or Successor Agency's operations and damage the City's digital networks and systems, and potential losses from such attacks, as well as the costs of defending against future attacks, could be substantial. In addition, cyber-attacks could result in delays in receipt of Pledged Tax Revenues from the County Auditor-Controller, or transfer of Pledged Tax Revenues to the Trustee for 2022 Bonds debt service in accordance with the Indenture.

#### **TAX MATTERS**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the 2022 Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2022 Bond (the first price at which a substantial amount of the 2022 Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2022 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the 2022 Bond Owner will increase the 2022 Bond Owner's basis in the 2022 Bond.

The amount by which a 2022 Bond Owner's original basis for determining loss on sale or exchange in the applicable 2022 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2022 Bond premium, which a 2022 Bond holder may elect to amortize under Section 171 of the Code; such amortizable 2022 Bond premium reduces the 2022 Bond Owner's basis in the applicable 2022 Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2022 Bond premium may result in a 2022 Bond Owner realizing a taxable gain when a 2022 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2022 Bond to the Owner. Purchasers of the 2022 Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2022 Bond premium.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. The ownership and disposal of the 2022 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2022 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 2022 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2022 Bonds.

A copy of the proposed form of the opinion of Bond Counsel to be delivered at Closing is attached hereto as Appendix C.

## CONCLUDING INFORMATION

### Underwriting

The 2022 Bonds are being purchased by Samuel A. Ramirez & Co. (the “Underwriter”) pursuant to a Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the “Purchase Agreement”), by and between the Underwriter and the Successor Agency. The Underwriter has agreed to purchase the 2022 Bonds at a price of \$ \_\_\_\_\_ (being the aggregate principal amount thereof, less an Underwriter’s discount of \$ \_\_\_\_\_). The Purchase Agreement provides that the Underwriter will purchase all of the 2022 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2022 Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

### Municipal Advisor

BLX Group LLC, has served as municipal advisor (“Municipal Advisor”) to the Successor Agency in connection with the 2022 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. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. Compensation for the Municipal Advisor’s services is entirely contingent upon the sale and delivery of the 2022 Bonds.

### Legal Opinion

The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, approving the validity of the 2022 Bonds and stating that interest on the 2022 Bonds is exempt from California personal income taxes under present State income tax laws will be furnished to the purchaser at the time of delivery of the 2022 Bonds at the expense of the Successor Agency. Compensation for Bond Counsel’s services is entirely contingent upon the sale and delivery of the 2022 Bonds.

A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2022 Bonds is attached hereto as Appendix C. The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the 2022 Bonds.

In addition, certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California, as Underwriter’s Counsel, for the Successor Agency by the City Attorney of the City of Vernon, as counsel to the Successor Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as disclosure counsel, and for the Trustee by its counsel.

## **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 2022 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.

## **Ratings**

In connection with the issuance and delivery of the 2022 Bonds, S&P Global Ratings, a Standard & Poor's Financial Services, LLC business ("S&P") has assigned its underlying municipal rating of "\_\_\_\_\_" to the 2022 Bonds. S&P is also expected to assign the 2022 Bonds the rating of "\_\_\_\_\_" based upon the delivery of the Policy by the 2022 Insurer at the time of issuance of the 2022 Bonds. See the caption "BOND INSURANCE."

There is no assurance that the credit ratings given to the 2022 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the 2022 Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such 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 the rating agencies.

## **Continuing Disclosure**

The Successor Agency has covenanted in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") for the benefit of the holders and Beneficial Owners of the 2022 Bonds to provide certain financial information and operating data relating to the Successor Agency by April 1 after the end of the Successor Agency's fiscal year, the end of which, as of the date of this Official Statement, is June 30 (the "Annual Report"), commencing with the report for fiscal year ending June 30, 2022, and to provide notices of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Successor Agency with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix G. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12").

[The Former Agency previously entered into continuing disclosure undertakings under Rule 15c2-12 in connection with the issuance of the 2005 Bonds and the 2011 Bonds. The Successor Agency has not failed to comply in all material respects with its continuing disclosure undertakings in the past five years.]

## **Miscellaneous**

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Area, 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 2022 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 the Executive Director of the Successor Agency, has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY OF THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF  
VERNON

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



**APPENDIX A**  
**FISCAL CONSULTANT'S REPORT**

**APPENDIX B**  
**SUMMARY OF THE INDENTURE**

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

*Upon issuance of the 2022 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:*

[Closing Date]

Successor Agency of the Former Redevelopment Agency of the City of Vernon  
4305 S. Santa Fe Ave.  
Vernon, California

Re: \$ \_\_\_\_\_ Successor Agency to the Former Cudahy Community Development Commission  
Tax Allocation Refunding Bonds, Series 2022 (Federally Taxable)

Dear Honorable Members of the Successor Agency:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Successor Agency of the Former Redevelopment Agency of the City of Vernon (the "Successor Agency") taken in connection with the authorization and issuance by the Successor Agency of the above-referenced Bonds (the "Bonds") 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 Trustee, the Underwriter of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued by the Agency pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 of Chapter 3 (Commencing with Section 53580) of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California (as amended from time to time, the "Dissolution Act"), Resolution No. SA-28 adopted by the Successor Agency on March 15, 2022 and Resolution No. OB-50 adopted by the Los Angeles County First Supervisorial District Consolidated Oversight Board on April 11, 2022, and in accordance with an Indenture of Trust, dated as of \_\_\_\_\_ 1, 202 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms not defined herein shall have the meanings ascribed to those terms in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the Successor Agency and are legal, valid and binding limited obligations of the Successor Agency, enforceable in accordance with their terms and the terms of the Indenture.

(2) The Indenture has been duly executed and delivered by the Successor Agency. The Indenture creates a valid pledge of the Pledged Tax Revenues and the amounts on deposit in certain funds and accounts established under the Indenture to secure the Bonds, as and to the extent provided in the Indenture.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes.

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

Except as expressly set forth in paragraphs (3) and (4) above we express no opinion regarding any tax consequences with respect to the Bonds. Potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

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 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 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.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds or the Indenture, nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture or the accuracy or sufficiency of the description of any such property contained therein.

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 Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix 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 2022 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2022 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2022 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 2022 Bonds. The 2022 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 2022 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 agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 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 2022 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 2022 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 2022 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 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this Appendix 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 E**

**ANNUAL COMPREHENSIVE FINANCIAL STATEMENTS**

**APPENDIX F**

**STATE DEPARTMENT OF FINANCE LETTER**



## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “**Disclosure Agreement**”) is executed and delivered by and between the Successor Agency of the Former Redevelopment Agency of the City of Vernon (the “**Successor Agency**”) and The Bank of New York Mellon Trust Company, N.A., in its capacity as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of the Successor Agency to the Former Redevelopment Agency of the City of Vernon Tax Allocation Refunding Bonds, Series 2022 (Federally Taxable), issued in the initial aggregate principal amount of \$ \_\_\_\_\_ (the “**Bonds**”). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2022, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Indenture**”):

Section 1.      Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

“*Annual Report Date*” shall mean each April 1 after the end of the Successor Agency’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Beneficial Owner*” shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean, initially, The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the Successor Agency and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” shall mean a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). 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 the Rule.

“*Listed Events*” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Official Statement*” shall mean the Official Statement dated \_\_\_\_\_, 2022, relating to the Bonds.

“*Participating Underwriter*” shall mean Samuel A. Ramirez & Co., Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

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 April 1, 2023 with the Annual Report for fiscal year 2021-22, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the filing of the Official Statement with the MSRB shall constitute compliance with this obligation for the first Annual Report Date. Not later than 15 calendar days prior to such date, the Successor Agency shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Successor Agency. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. 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(a). 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 hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(b) If the Successor Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Successor Agency in a timely manner shall send to the MSRB a notice in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);
2. file a report with the Successor Agency and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions as are mutually agreed upon between the Dissemination Agent and the Successor Agency.

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, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Description of issuance by the Successor Agency of any debt payable from or secured by a pledge of Pledged Tax Revenues in the Project Area (as defined in the Official Statement) in the most recently completed fiscal year only (including details as to date, amount, term, rating, insurance).

(ii) The assessed value of property in the Project Area for the current fiscal year only in the form of Table 1 in the Official Statement.

(iii) The ten largest property taxpayers in the Project Area for the current fiscal year only in the form of Table 2 to the Official Statement.

(iv) The coverage ratio provided by Pledged Tax Revenues in the Project Area with respect to debt service on the Bonds and any Parity Debt for the current fiscal year only, in the form of Table 8 in the Official Statement without any requirement to update any projected Pledged Tax Revenues set forth in Table 8.

(c) 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) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Successor Agency, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
2. Modifications to the rights of Bondholders.
3. Bond calls.
4. Release, substitution or sale of property securing repayment of the Bonds.
5. Non-payment related defaults.
6. The consummation of a merger, consolidation or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, 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.
7. Appointment of a successor or additional trustee or the change of the name of a trustee.
8. Incurrence of a Financial Obligation of the Successor Agency, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Successor Agency, any of which affect security holders.

(c) If the Successor Agency determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the Successor Agency determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Successor Agency and, if the Dissemination Agent is other than the Successor Agency, the Dissemination Agent shall not be responsible for determining whether the Successor Agency's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the Successor Agency and the Dissemination Agent specified in this Disclosure Agreement 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(a).

Section 7. Dissemination Agent. The Successor Agency may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Successor Agency shall act as Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, 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 the Successor Agency 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: (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 interest of Bond owners.

The Successor Agency shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information 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 the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information 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 the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Successor Agency to comply with any provisions of this Disclosure Agreement, any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders of the Bonds (after receiving indemnification to its satisfaction), may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Agreement, and has no liability to any person, including any holder of Bonds, with respect to the content of any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Successor Agency. The Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, 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 obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Successor Agency pursuant to this Disclosure Agreement. The Successor Agency shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the Successor Agency) and to the Successor Agency as follows:

Successor Agency: Successor Agency of the Former Redevelopment Agency of  
the City of Vernon  
4305 South Santa Fe Avenue  
Vernon, California 90058  
Attention: Executive Director

Dissemination Agent: The Bank of New York Mellon Trust Company, N.A.  
333 S. Hope Street, Suite 2525

Los Angeles, California 90071  
Attention: Corporate Trust  
Reference: Successor Agency of the Former Redevelopment  
Agency of the City of Vernon, Tax Allocation Refunding  
Bonds, Series 2022 (Federally Taxable)

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

Date: \_\_\_\_\_, 2022

SUCCESSOR AGENCY OF THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF  
VERNON

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

**APPENDIX H**

**SUPPLEMENTAL INFORMATION—THE CITY OF VERNON**

*The following information relating to the City of Vernon (the “City”) and the County of Los Angeles, California (the “County”) is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the 2022 Bonds or to cure any delinquency or default on the 2022 Bonds. The 2022 Bonds are payable solely from the sources described in the Official Statement. The Successor Agency makes no representation as to the accuracy of the information set forth in this Appendix.*

**City Council**

The members of the City Council and the expiration dates of their respective terms are as follows:

**CITY OF VERNON  
City Council**

<i>Name and Title</i>	<i>Expiration of Term</i>
Leticia Lopez, Mayor	April 2026
Crystal Larios, Mayor Pro Tem	April 2024
Melissa Ybarra, Council Member	April 2027
William “Bill” Davis, Council Member	April 2023
Judith Merlo, Council Member	April 2025

The City Council appoints the City Administrator who serves as the Chief Executive Officer of the City and supervises the various City services, prepares proposals for the City Council’s consideration and implements the City Council’s policy.

**Population**

The following table shows the population for the City, the County and the State from 2017 through 2021.

**POPULATION  
For Years 2017 through 2021**

<i>Year (January 1)</i>	<i>City of Vernon</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2017	301	3,984,916	39,352,398
2018	300	3,996,298	39,519,398
2019	298	3,986,031	39,605,361
2020	297	3,975,234	39,648,938
2021	295	3,923,341	39,466,855

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2017-2021, with 2010 Census Benchmark.

**Building Activity**

Residential building activity for the past five calendar years for the City is shown in the following tables.



**CITY OF VERNON  
New Housing Units Building Permits**

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Single Family Units	0	0	0	0	0
Multifamily Units	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Units	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source: Construction Industry Research Board and California Homebuilding Foundation.

**CITY OF VERNON  
Building Permit Valuations  
(Dollars in Thousands)**

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
<b>Residential</b>					
New Single Family	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
New Multifamily	0	0	0	0	0
Res. Alt. & Adds	<u>120,000</u>	<u>0</u>	<u>120,000</u>	<u>0</u>	<u>0</u>
Total Residential	\$ 120,000	\$ 0	\$ 120,000	\$ 0	\$ 0
<b>Nonresidential</b>					
New Commercial	\$ 782,867	\$ 290,951	\$ 344,525	\$ 20,531	\$ 582,914
New Industrial	21,007	27,866	5,895	11,266	1,200
New Other <sup>(1)</sup>	60,000	38,865	517,068	0	5,000
Alters. & Adds.	<u>15,150</u>	<u>9,554</u>	<u>12,228</u>	<u>14,751</u>	<u>1,114</u>
Total Non-Residential	\$ 879,024	\$ 367,236	\$ 879,716	\$ 46,548	\$ 590,228
<b>Total All Building</b>	<u>\$ 999,024</u>	<u>\$ 367,236</u>	<u>\$ 999,716</u>	<u>\$ 46,548</u>	<u>\$ 590,228</u>

<sup>(1)</sup> Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings.

Note: "Total All Building" is the sum of Residential and Nonresidential Building Permit Valuations. Totals may not add to sum because of independent rounding.

Source: Construction Industry Research Board and California Homebuilding Foundation.

**Personal Income**

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

The following tables show the personal income and per capita personal income for the County, State of California and United States from 2016 through 2020.

**PERSONAL INCOME**  
**County of Los Angeles, California, and United States**  
**2016-2020**

<i>Year</i>	<i>County of Los Angeles</i>	<i>California</i>	<i>United States</i>
2016	562,665,355	2,218,457,800	16,092,713,000
2017	580,826,819	2,318,644,400	16,845,028,000
2018	602,428,812	2,431,822,000	17,681,159,000
2019	631,161,549	2,544,235,000	18,402,004,000
2020	678,829,092	2,763,312,000	19,607,447,000

Note: Dollars in Thousands.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for the County, the State of California and the United States for the years 2016-2020. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME<sup>(1)</sup>**  
**County of Los Angeles, State of California, and United States**  
**2016-2020**

<i>Year</i>	<i>County of Los Angeles</i>	<i>California</i>	<i>United States</i>
2016	55,738	56,560	49,613
2017	57,551	58,813	51,573
2018	59,874	61,509	53,817
2019	63,043	64,333	55,724
2020	68,272	69,958	59,147

<sup>(1)</sup> Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census.

All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Employment

The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County of Los Angeles, the State of California and the nation as a whole.

### LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT Yearly Average for Years 2017 through 2021

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Civilian Employment<sup>(1)</sup></i>	<i>Civilian Unemployment<sup>(2)</sup></i>	<i>Civilian Unemployment Rate<sup>(3)</sup></i>
2017				
Vernon	0	0	0	7.1%
Los Angeles County	5,109,800	4,864,100	245,700	4.8
California	19,185,400	18,258,100	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
Vernon	0	0	0	2.0%
Los Angeles County	5,121,300	4,885,300	235,900	4.6
California	19,289,500	18,468,100	821,400	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Vernon	100	100	0	0.0%
Los Angeles County	5,153,100	4,926,100	227,000	4.4
California	19,409,400	18,612,600	796,800	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Vernon	100	100	0	17.6%
Los Angeles County	4,968,900	4,355,900	613,000	12.3
California	18,931,100	16,996,700	1,934,500	10.2
United States	160,742,000	147,798,000	12,947,000	8.1
2021				
Vernon	100	100	0	13.2%
Los Angeles County	4,994,100	4,548,900	445,200	8.9
California	18,923,200	17,541,900	1,381,200	7.3
United States				

Note: Data is not seasonally adjusted.

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department, based on March 2018 benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Los Angeles-Long Beach-Glendale MD (Los Angeles County). The following table represents the Annual Average Labor Force and Industry Employment for the County for the period from 2017 through 2021.

**LOS ANGELES LONG BEACH GLENDALE MD  
(LOS ANGELES COUNTY)  
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE  
2017 through 2021**

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Civilian Labor Force	5,109,800	5,121,300	5,153,100	4,968,900	4,994,100
Civilian Employment	4,864,100	4,885,300	4,926,100	4,355,900	4,548,900
Civilian Unemployment	245,700	235,900	227,000	613,000	445,200
Civilian Unemployment Rate	4.8%	4.6%	4.4%	12.3%	8.9%
Total Farm	5,700	4,600	4,400	4,400	4,600
Total Nonfarm	4,449,300	4,516,100	4,561,800	4,167,300	4,295,400
Total Private	3,863,100	3,925,500	3,974,900	3,597,100	3,737,200
Goods Producing	491,100	490,800	492,500	463,300	463,100
Mining, Logging & Construction	140,800	148,200	151,800	148,300	151,400
Manufacturing	350,400	342,600	340,700	315,100	311,700
Service Providing	3,958,100	4,025,300	4,069,300	3,704,000	3,832,300
Trade, Transportation & Utilities	845,600	851,400	851,000	788,000	817,600
Wholesale Trade	221,500	223,200	220,500	200,000	202,000
Retail Trade	425,900	424,600	417,700	380,200	401,400
Transportation, Warehousing & Utilities	198,200	203,600	212,900	207,800	214,200
Information	214,000	214,700	215,300	191,000	213,200
Financial Activities	221,600	223,200	223,600	212,600	210,800
Professional & Business Services	613,200	632,300	647,000	599,800	629,500
Educational & Health Services	797,400	817,900	839,900	820,300	839,600
Leisure & Hospitality	524,600	536,500	547,200	393,500	429,300
Other Services	155,700	158,800	158,400	128,700	134,100
Government	586,100	590,600	586,900	570,200	558,200
Total, All Industries	4,455,000	4,520,700	4,566,100	4,171,700	4,300,000

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix H.

Source: State of California, Employment Development Department, Labor Market Information Division, March 2021 Benchmark.

**Commercial Activity**

The following table summarizes the annual volume of taxable transactions within the City for the years 2017 through 2021.

**CITY OF VERNON  
TABLE OF TAXABLE TRANSACTIONS  
For the Years 2017 Through 2021**

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2021	1,258	\$1,001,722,873	278	\$405,882,568
2020	1,343	801,090,595	313	309,823,049
2019	1,258	765,766,195	276	287,283,819
2018	1,198	694,320,871	257	214,354,183
2017	1,159	613,64,301	264	150,964,937

Source: California Department of Tax and Fee Administration.

**APPENDIX I**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**