



AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT REGULAR MEETING
STANTON CITY HALL, 7800 KATELLA AVENUE, STANTON, CA
TUESDAY, SEPTEMBER 13, 2016 - 6:30 P.M.

As a courtesy to those in attendance, the City of Stanton respectfully requests that all cell phones, pagers and/or electronic devices be turned off or placed on silent mode while the meeting is in session. Thank you for your cooperation.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, CONTACT THE CITY CLERK AT (714) 379-9222. NOTIFICATION BY 9:00 A.M. ON MONDAY, SEPTEMBER 12, 2016 WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

Supporting, descriptive documentation for agenda items, including staff reports, is available for review in the City Clerk's Office and on the City web site at www.ci.stanton.ca.us.

1. **CLOSED SESSION** None.

2. **CALL TO ORDER REGULAR CITY COUNCIL / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING**

3. **PLEDGE OF ALLEGIANCE**

4. **ROLL CALL** Council/Agency/Authority Member Ethans
 Council/Agency/Authority Member Ramirez
 Council/Agency/Authority Member Shawver
 Mayor Pro Tem/Vice Chairman Warren
 Mayor/Chairman Donahue

5. SPECIAL PRESENTATIONS AND AWARDS

- 5A. Presentation of Certificate of Recognition honoring the Stanton Pet Hospital as Business of the Month for the month of September 2016.
- 5B. Presentation of Certificate of Recognition honoring Mr. Jerome Ristrom as Volunteer of the Month for the month of September 2016.
- 5C. Presentation of Proclamation declaring the month of September 2016 as World Alzheimer's Awareness Month in the City of Stanton.
- 5D. Presentation by the Stanton Community Foundation and members of the Stanton City Council to the winner of the Stanton 60th Anniversary Trivia Contest.

6. CONSENT CALENDAR

All items on the Consent Calendar may be acted on simultaneously, unless a Council/Board Member requests separate discussion and/or action.

CONSENT CALENDAR

6A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

RECOMMENDED ACTION:

City Council/Agency Board/Authority Board waive reading of Ordinances and Resolutions.

6B. APPROVAL OF WARRANTS

City Council approve demand warrants dated August 4, 2016, August 11, 2016, August 17, 2016, August 25, 2016, and August 30, 2016 in the amount of \$3,869,061.57.

6C. APPROVAL OF MINUTES

City Council/Agency/Authority Board approve Minutes of Regular Joint Meeting – August 9, 2016.

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Any writings or documents provided to a majority of the City Council/Successor Agency/Stanton Housing Authority regarding any item on this agenda will be made available for public inspection at the Public Counter at City Hall located at 7800 Katella Avenue, Stanton CA, during normal business hours.

6D. JULY 2016 INVESTMENT REPORT

The Investment Report as of July 31, 2016 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of July 2016.

6E. JULY 2016 INVESTMENT REPORT (SUCCESSOR AGENCY)

The Investment Report as of July 31, 2016 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of July 2016.

6F. APPROVE SECOND AMENDMENT TO INFORMATION TECHNOLOGY SUPPORT SERVICES AGREEMENT

BreaIT has provided support to the City of Stanton since 1999. The most recent contract was written in 2012 after going through an RFP process. The contract calls for two one-year options. This Amendment would pick up the second of the two option years.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Authorize the City Manager to sign the Second Amendment to Information Technology Support Services Agreement.

END OF CONSENT CALENDAR

7. PUBLIC HEARINGS

7A. ESTABLISHMENT OF A FEE FOR THE PROCESSING OF MESSAGE ESTABLISHMENT AMORTIZATION APPLICATION

In January of 2015, the City Council adopted Ordinance No. 1032, which created new requirements for massage establishments in the City. As part of the new regulations, existing massage establishments have a two year amortization period to obtain the necessary licenses, or modify the business to no longer be a massage establishment. An extension of the amortization period may be requested, subject to an application, and approval by the Planning Commission. This resolution would establish a fee of \$2,775 to recover the costs associated with the processing of the Massage Establishment Amortization applications.

RECOMMENDED ACTION:

1. City Council conduct a public hearing; and
2. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(4) – The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and
3. Adopt Resolution No. 2016-35 establishing a fee for the processing of a Massage Establishment Amortization Application, entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING A FEE FOR THE PROCESSING OF MESSAGE ESTABLISHMENT AMORTIZATION APPLICATIONS IN THE CITY OF STANTON".

8. **UNFINISHED BUSINESS** None.

9. **NEW BUSINESS**

9A. **ISSUANCE OF REFUNDING TAX ALLOCATION BONDS (SUCCESSOR AGENCY)**

When the Stanton Redevelopment Agency was dissolved there were 5 series of tax allocation bonds previously issued and outstanding. The Dissolution Act permits successor agencies to refinance outstanding bonds or other obligations of a former redevelopment agency under certain circumstances.

If approved, the resolution would authorize the refunding several series of outstanding bonds issued by the former agency, with an expected total savings of \$18.5 million over 24 years.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Adopt Resolution No. SA 2016-05 entitled:

"A RESOLUTION OF THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED STANTON REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING THERETO, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS, BOND PURCHASE AGREEMENT, ESCROW AGREEMENTS AND CONTINUING DISCLOSURE CERTIFICATE, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO".

9B. INVESTMENT IN THE LOCAL AGENCY INVESTMENT FUND (SUCCESSOR AGENCY)

A resolution is necessary to authorize the Successor Agency to the Stanton Redevelopment Agency to open a Local Agency Investment Fund (LAIF) account to invest bond proceeds.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Adopt Resolution No. SA 2016-04 authorizing the Successor Agency to open accounts with the State of California's Local Agency Investment Fund, entitled:

"A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STANTON, CALIFORNIA AUTHORIZING INVESMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND".

10. ORAL COMMUNICATIONS - PUBLIC

At this time members of the public may address the City Council/Successor Agency/Stanton Housing Authority regarding any items within the subject matter jurisdiction of the City Council/Successor Agency/Stanton Housing Authority, provided that NO action may be taken on non-agenda items.

- Members of the public wishing to address the Council/Agency/Authority during Oral Communications-Public or on a particular item are requested to fill out a REQUEST TO SPEAK form and submit it to the City Clerk. Request to speak forms must be turned in prior to Oral Communications-Public.
- When the Mayor/Chairman calls you to the microphone, please state your Name, slowly and clearly, for the record. A speaker's comments shall be limited to a three (3) minute aggregate time period on Oral Communications and Agenda Items. Speakers are then to return to their seats and no further comments will be permitted.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council/Agency/Authority and Staff need to be recognized by the Mayor/Chairman before speaking.

11. WRITTEN COMMUNICATIONS None.

12. MAYOR/CHAIRMAN COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

12A. COMMITTEE REPORTS/ COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

At this time Council/Agency/Authority Members may report on items not specifically described on the agenda which are of interest to the community provided no discussion or action may be taken except to provide staff direction to report back or to place the item on a future agenda.

12B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE MEETING

At this time Council/Agency/Authority Members may place an item on a future agenda.

12C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

At this time Council/Agency/Authority Members may place an item on a future study session agenda.

Currently Scheduled:

- None.

12D. CITY COUNCIL INITIATED ITEM — DISCUSSION REGARDING THE POSSIBILITY OF INCREASING FINES FOR THE DISCHARGE OF ILLEGAL FIREWORKS

At the July 26, 2016 City Council meeting, Council Member Ramirez requested that this item be agendized for discussion.

RECOMMENDED ACTION:

City Council provide direction to staff.

13. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

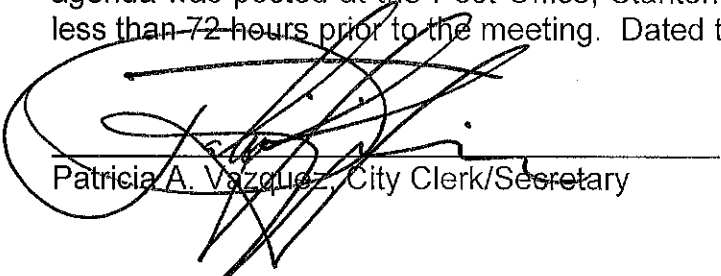
14. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

14A. ORANGE COUNTY SHERIFF'S DEPARTMENT

At this time the Orange County Sheriff's Department will provide the City Council with an update on their current operations.

15. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 72 hours prior to the meeting. Dated this 8th day of September, 2016.



Patricia A. Vazquez, City Clerk/Secretary

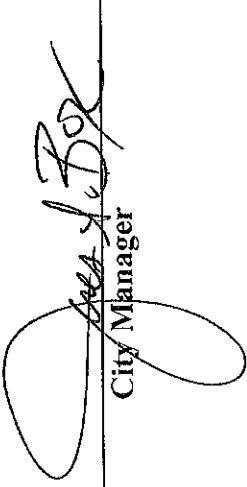
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Any writings or documents provided to a majority of the City Council/Successor Agency/Stanton Housing Authority regarding any item on this agenda will be made available for public inspection at the Public Counter at City Hall located at 7800 Katella Avenue, Stanton CA, during normal business hours.

**CITY OF STANTON
ACCOUNTS PAYABLE REGISTER**

August 4, 2016	\$28,857.26
August 11, 2016	\$147,109.00
August 17, 2016	\$773,484.75
August 25, 2016	\$898,116.68
August 30, 2016	\$2,021,493.88
	<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$3,869,061.57</div>

Demands listed on the attached registers conform to the City of Stanton Annual Budget as approved by the City Council.


 City Manager

Demands listed on the attached registers are accurate and funds are available for payment thereof.


 Administrative Services Director

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MINUTES OF THE CITY COUNCIL / SUCCESSOR AGENCY / HOUSING AUTHORITY OF THE CITY OF STANTON JOINT REGULAR MEETING AUGUST 9, 2016

1. **CLOSED SESSION** None.

2. **CALL TO ORDER CITY COUNCIL / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING**

The meetings were called to order at 6:33 p.m. by Mayor Pro Tem / Vice Chairperson Warren.

3. **PLEDGE OF ALLEGIANCE**

Led by Mr. Jerome Ristrom, Stanton Public Safety Committee Member.

4. **ROLL CALL**

Present: Council/Agency/Authority Member Ethans, Council/Agency/Authority Member Shawver, and Mayor Pro Tem/Vice Chairperson Warren.

Absent: None.

Excused: Council/Agency/Authority Member Ramirez and Mayor/Chairman Donahue.

5. **SPECIAL PRESENTATIONS AND AWARDS**

5A. The City Council presented a Certificate of Recognition to Mr. Jared Moye, honoring Vista Paint as Business of the Month for the month of August 2016.

5B. The City Council presented a Certificate of Recognition honoring the Orange County Sheriff Explorer Post #449 as Volunteer Organization of the Month for the month of August 2016.

- The City Council expressed their gratitude to Orange County Sheriff Explorer Post #449 for their dedicated and outstanding service to the residents of the City of Stanton and for their service/attendance at numerous City functions and events.

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6. CONSENT CALENDAR

Motion/Second: Shawver/Ethans
Motion unanimously carried by the following vote:

AYES: 3 (Ethans, Shawver, and Warren)
NOES: None
ABSTAIN: None
ABSENT: 2 (Donahue and Ramirez)

The City Council/Agency Board/Authority Board approved the following Consent Calendar items:

CONSENT CALENDAR

6A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

The City Council/Agency Board/Authority Board waived reading of Ordinances and Resolutions.

6B. APPROVAL OF WARRANTS

The City Council approved demand warrants dated July 21 and July 28, 2016, in the amount of \$311,133.26.

6C. APPROVAL OF MINUTES

The City Council/Agency/Authority Board approved Minutes of Regular Joint Meeting – July 26, 2016.

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6D. CONTRACT AMENDMENT TO EXTEND ON-CALL TRAFFIC OPERATIONS SERVICES TO HARTZOG AND CRABILL BY THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA

Staff would propose to extend the current On-Call Traffic Operations Services contract for two additional years.

The cost for completing the On-Call Traffic Operations Services contract is \$40,000 for a period of two (2) years.

1. The City Council declared that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Approved a contract amendment to the on-call contract with Hartzog and Crabill, Inc. to provide traffic operations services for a two year period for a maximum contract amount of \$40,000; and
3. Authorized the City Manager to bind the City of Stanton and Hartzog and Crabill, Inc in a contract to provide on-call traffic operations services.

6E. SECOND CONTRACT AMENDMENT FOR LILLEY PLANNING GROUP

Requested is the authorization to allow the City Manager to extend the professional services agreement with Lilley Planning Group to continue providing contract planning services for the Community Development Department.

1. The City Council declared that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Approved the contract amendment for Lilley Planning Group; and
3. Authorized the City Manager to bind the City of Stanton and Lilley Planning Group in a contract to continue providing contract planning services for the Community Development Department.

END OF CONSENT CALENDAR

DRAFT

7. PUBLIC HEARINGS

7A. AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES FOR AN ADDITIONAL YEAR PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS

On September 8, 2015, the City Council adopted Urgency Ordinance No. 1040, a moratorium to temporarily prohibit new internet and cyber cafes from establishing in the City. The 45-day moratorium was prompted by numerous reports by jurisdictions all over the State — including the City — of illegal gambling at internet and cyber cafes. Urgency Ordinance No. 1040 was extended by Urgency Ordinance No. 1041 on October 13, 2015 by a period of ten (10) months and fifteen (15) days. Since Urgency Ordinances Nos. 1040 and 1041 were approved, City staff has studied the potential impacts of these establishments and analyzed appropriate regulatory and zoning standards. However, City staff has not completed its study and analysis, and therefore, the City Council is being asked for a final extension the moratorium.

Staff report by Ms. Kelly Hart, Community Development Director.

The public hearing was opened.

No one appearing to speak, the public hearing was closed.

Motion/Second: Shawver/Ethans

ROLL CALL VOTE:	Council Member Ethans	AYE
	Council Member Ramirez	EXCUSED
	Council Member Shawver	AYE
	Mayor Pro Tem Warren	AYE
	Mayor Donahue	EXCUSED

Motion unanimously carried:

1. The City Council conducted a public hearing; and
2. Declared that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines. Moreover, this Ordinance is statutorily exempt from further CEQA review under Section 15262 (feasibility and planning studies); and

DRAFT

3. Adopted Urgency Ordinance No. 1057, entitled:

“AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES FOR AN ADDITIONAL YEAR PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS”.

7B. AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTION 36937, EXTENDING THE MORATORIUM TO TEMPORARILY PROHIBIT THE ESTABLISHMENT OF ANY AREA OF PERMIT PARKING FOR AN ADDITIONAL SIX (6) MONTHS PENDING STUDY AND ADOPTION OF REGULATORY STANDARDS

This ordinance proposes an extension of the moratorium for the establishment of new permit parking areas so that staff may study and propose new regulatory standards. The City needs to evaluate permit parking due to immediate health, safety, and welfare issues; requests for permit parking are often prompted by residents' complaints of overflow parking, which allegedly results in excessive litter, vehicle break-ins, thefts, and other crime. Moreover, in April 2016, the California Attorney General issued an opinion on the application of the Vehicle Code to permit parking. The proposed moratorium extension would also allow staff time to continue studying the implications of the opinion and draft new regulations and guidelines to be in compliance with the opinion.

Staff report by Ms. Kelly Hart, Community Development Director.

The public hearing was opened.

No one appearing to speak, the public hearing was closed.

Motion/Second: Shawver/Ethans

ROLL CALL VOTE:	Council Member Ethans	AYE
	Council Member Ramirez	EXCUSED
	Council Member Shawver	AYE
	Mayor Pro Tem Warren	AYE
	Mayor Donahue	EXCUSED

Motion unanimously carried:

DRAFT

1. The City Council conducted a public hearing; and
2. Declare that the project is not subject to the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Moreover, this Ordinance is statutorily exempt from further CEQA review under Section 15262 (feasibility and planning studies); and
3. Adopted Urgency Ordinance No. 1058, entitled:

"AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTION 36937, EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF ANY AREA OF PERMIT PARKING FOR AN ADDITIONAL SIX (6) MONTHS PENDING STUDY AND ADOPTION OF REGULATORY STANDARDS".

8. UNFINISHED BUSINESS

8A. APPROVAL OF ORDINANCE NO. 1056

This Ordinance was introduced at the regular City Council meeting of July 26, 2016.

Staff report by Ms. Patricia A. Vazquez, City Clerk.

Motion/Second: Ethans/Shawver

ROLL CALL VOTE:	Council Member Ethans	AYE
	Council Member Ramirez	EXCUSED
	Council Member Shawver	AYE
	Mayor Pro Tem Warren	AYE
	Mayor Donahue	EXCUSED

Motion unanimously carried:

1. The City Clerk read the title of Ordinance No. 1056, entitled:

"AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AMENDING CHAPTER 5.04 OF TITLE 5 OF THE STANTON MUNICIPAL CODE RELATING TO BUSINESS LICENSES AND REGULATIONS";
and

DRAFT

2. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and

3. Adopted Ordinance No. 1056.

9. **NEW BUSINESS** None.

10. **ORAL COMMUNICATIONS – PUBLIC**

- Ms. Ellen Grun inquired about the success of the Stanton Community Garden (Katella and Western) and expressed her concerns with the increase of wild animals such as raccoons in her neighborhood due to the creation of the Community Garden.

11. **WRITTEN COMMUNICATIONS** None.

12. **MAYOR/CHAIRMAN/COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS**

12A. **COMMITTEE REPORTS/COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS**

- Council Member Ethans reported on the Orange County Vector Control District's West Nile Virus and Zika Virus alerts and cases within the City and County of Orange.
- Mayor Pro Tem Warren requested that Community Services Director Julie S. Roman report on the upcoming National Night Out / Concert in the Park Event.
- Julie S. Roman, Community Services Director reported on the upcoming National Night Out / Concert in the Park Event, which is scheduled to be held on August 10, 2016 at Stanton Central Park.
- Council Member Shawver reported on the Orange County Fire Authority is working on a tentative four year mutual labor agreement.
- Mayor Pro Tem Warren praised the Orange County Sheriff's Department on their rapid response times.

12B. **COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE COUNCIL MEETING**

None.

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12C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

None.

Due to the excused absence of Council Member Ramirez, this item was tabled for discussion at the next regularly scheduled City Council meeting on September 13, 2016.

~~12D. CITY COUNCIL INITIATED ITEM — DISCUSSION REGARDING THE POSSIBILITY OF INCREASING FINES FOR THE DISCHARGE OF ILLEGAL FIREWORKS~~

~~At the July 26, 2016 City Council meeting, Council Member Ramirez requested that this item be agendaized for discussion.~~

~~RECOMMENDED ACTION:~~

~~City Council provide direction to staff.~~

13. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

None.

14. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

None.

14A. ORANGE COUNTY FIRE AUTHORITY

At this time the Orange County Fire Authority will provide the City Council with an update on their current operations.

- Battalion Chief Kelly Zimmerman provided the City Council with an update on their current operations.

15. ADJOURNMENT Motion/Second: Warren/ Motion carried at 7:05 p.m.

MAYOR PRO TEM / VICE CHAIRPERSON

ATTEST:

CITY CLERK/SECRETARY

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and City Council

DATE: September 13, 2016

SUBJECT: JULY 2016 INVESTMENT REPORT

REPORT IN BRIEF:

The Investment Report as of July 31, 2016 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of July 2016.

BACKGROUND:

The attached reports summarize the City investments and deposit balances as of July 2016. A summary of the City's investments and deposits is included as Attachment A. The details of the City's investments are shown in Attachment B. The City's cash and investment balances by fund type are presented in Attachment C.

ANALYSIS:

The City's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of July 2016 was 0.59%. The City's other investments are shown on Attachment B and have a weighted investment yield of 1.33%. Including LAIF, the Tina Pacific Depository account and the City's deposit in the Bank of the West money market account, the weighted investment yield of the portfolio is 0.59%, which matches the benchmark LAIF return of 0.59%.

The weighted average maturity of the City's investments at July 31, 2016 is 848 days. Including LAIF, the Stanton Central Park depository account and a money market account, it is 198 days. LAIF's average maturity at July 31, 2016, was approximately 179 days.

The City was able to exceed the LAIF benchmark return, through Chandler Asset Management's diversification of the portfolio and pushing the weighted average maturity to more than quadruple the LAIF average maturity.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2016-17 Investment Policy. The portfolio will allow the City to meet its expenditure requirements for the next six months. Staff remains confident that the investment portfolio is currently positioned to remain secure and sufficiently liquid.

Chandler Asset Management controls the City's \$9.5 million investment portfolio. City staff continues to have control over investments in LAIF and the Bank of the West Money Market Account.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

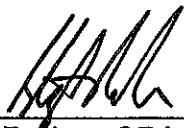
PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED

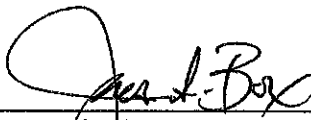
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director/Treasurer

Approved:



James A. Box
City Manager

Attachments:

- A. Investments and Deposits
- B. Investment Detail
- C. Cash and Investment Balances by Fund Type

CITY OF STANTON, CA
INVESTMENTS AND DEPOSITS
July 31, 2016

Investment Type	Issuer	Date of Maturity	Interest Rate	Par Value	Cost	% of Total	Market Value	Market Value Source
State Pool (LAIF) - City portion ¹	State of California	On Demand	0.59%	\$ 22,016,925	\$ 12,801,397	57.51%	\$ 12,809,349	LAIF
Investments ²	Various	Various	Various	\$ 9,353,077	9,458,147	42.49%	9,452,148	US Bank
Subtotal - Investments					\$ 22,259,543	100.00%	\$ 22,261,498	
Demand Deposits/Main Checking - City portion	Bank of the West	On Demand	N/A	N/A	\$ (5,020,751)		\$ (5,020,751)	Bank of the West
Money Market Account	Bank of the West	On Demand	0.29%	\$ 12,971,178	12,971,178		12,971,178	Bank of the West
Imprest Accts & Petty Cash	Bank of the West	On Demand	N/A	N/A	72,603		72,603	Bank of the West
Tina Pacific Depository Agreement	US Bank	On Demand	0.02%	\$ 5,263,321	5,263,321		5,263,321	
Subtotal - Deposits					\$ 13,286,351		\$ 13,286,351	

Total Cash Investments and Deposits ³

198	0.59%
Weighted Average Maturity (days)	Weighted Average Yield

\$ 35,545,895

\$ 35,547,849

¹ Par Value amount represents entire LAIF balance, including City and Successor Agency portions

² Cost amount includes \$68,785 adjustment made to City's books at 6/30/16 to adjust portfolio to market value, per GASB 31

³ Weighted average maturity and yield calculations include LAIF, Investments and Money Market Account

NOTES:

The City's portfolio is in compliance with the City's 2015-16 Investment Policy.

The portfolio will allow the City to meet its expenditure requirements for the next six months.

**CITY OF STANTON
INVESTMENTS
July 2016**

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value	Percent of Portfolio	Maximum Percent
State Treasurer's Pool	Local Agency Investment Fund (LAIF)		0.59%				8/1/2016	NC	22,016,925	12,801,397	12,809,349	31.87%	100%
Cash Equivalents													
Chandler Asset Management	First American Government Obligation	31846V203							53,431	53,431	53,431	0.13%	100%
Negotiable Certificates of Deposit:													
Multi-Bank Securities	CD - CIT Bank	17284AVP0	1.85%	1.850%	100	08/10/11	08/10/16	NC	148,000	148,000	148,040		
Multi-Bank Securities	CD - EnerBank USA	29286NXX7	1.75%	1.750%	100	08/15/11	08/15/16	NC	248,000	248,000	248,107		
First Empire Securities	CD - Camden National Bk	13303DL1	1.75%	1.750%	100	08/17/11	08/17/16	NC	248,000	248,000	248,124		
First Empire Securities	CD - Discover Bank	25487QD54	1.75%	1.750%	100	08/17/11	08/17/16	NC	140,000	140,000	140,070		
Time Value Investments	CD - BE Capital Bank	36160VSC0	1.35%	1.350%	100	10/19/12	10/19/16	NC	248,000	248,000	248,449		
First Empire Securities	CD - Goldman Sachs Bank	38143ARY3	1.85%	1.850%	100	05/09/12	05/09/17	NC	97,000	97,000	97,916		
First Empire Securities	CD - Discover Bank	254671AT7	1.75%	1.750%	100	05/09/12	05/09/17	NC	100,000	100,000	100,945		
Multi-Bank Securities	CD - Sallie Mae Bank	795450P18	1.60%	1.600%	100	10/01/12	10/01/17	NC	100,000	100,000	101,091		
Multi-Bank Securities	CD - American Express	02587DL08	1.55%	1.550%	100	10/04/12	10/04/17	NC	248,000	248,000	250,606		
Time Value Investments	CD - HSBC	40431G3Q0	0.75%	Variable	100	10/26/12	10/26/17	NC	248,000	248,000	244,801		
First Empire Securities	CD - Everbank	29976DPY0	1.10%	1.100%	100	11/30/12	11/30/17	NC	248,000	248,000	248,920		
									2,073,000	2,073,000	2,077,069	5.13%	30%
U.S. Government Agency Securities:													
Chandler Asset Management	FHLB	3130AQJR2	1.65%	2.375%	103,068	11/23/15	12/13/19	NC	200,000	205,698	208,994		
Chandler Asset Management	FHLB	313372M2	1.16%	1.500%	101,226	02/01/16	03/08/19	NC	185,000	186,930	187,912		
Chandler Asset Management	FHLB	3130ATCV5	1.48%	1.375%	99,769	02/17/16	02/18/21	NC	210,000	209,166	212,216		
Chandler Asset Management	FHLB	313382K69	1.53%	1.750%	101,716	03/23/16	03/12/21	NC	190,000	192,005	195,073		
Chandler Asset Management	FHLB	3130ATPV1	1.33%	1.375%	99,796	04/12/16	04/05/21	NC	200,000	200,432	201,720		
Chandler Asset Management	FHLB	3137EADK2	1.57%	1.250%	98,94	06/18/15	08/01/19	NC	180,000	177,745	181,867		
Chandler Asset Management	FHLB	3137EADM8	1.25%	1.250%	99,15	08/31/15	10/02/19	NC	190,000	188,394	192,033		
Chandler Asset Management	FHLB	3135G0E58	1.20%	1.125%	100,42	9/30/2015	10/19/2018	NC	195,000	195,014	196,377		
Chandler Asset Management	FHLB	3135G0G72	1.17%	1.125%	99,39	10/30/2015	12/14/2018	NC	195,000	194,709	196,367		
Chandler Asset Management	FHLB	3135G0J20	1.31%	1.375%	100,01	4/12/2016	2/26/2021	NC	200,000	200,630	202,152		
Chandler Asset Management	FHLB	3135G0D75	1.27%	1.500%	100,90	2/24/2016	6/22/2020	NC	200,000	201,962	203,560		
Chandler Asset Management	FHLB	3135G0UQ5	1.49%	1.875%	102,18	2/12/2016	12/11/2020	NC	185,000	188,349	190,959		
Chandler Asset Management	FHLB	3135G0F73	1.50%	1.500%	100,36	1/20/2016	11/30/2020	NC	190,000	190,035	193,352		
Chandler Asset Management	FHLB	3135G0H55	1.50%	1.875%	102,11	1/20/2016	12/28/2020	NC	190,000	193,386	196,357		
									2,710,000	2,724,453	2,758,938	6.74%	100%
US Treasury													
Chandler Asset Management	US Treasury	912828A59	0.58%	0.625%	100,12	05/29/14	12/15/16	NC	165,000	165,200	165,157		
Chandler Asset Management	US Treasury	912828C73	0.71%	0.875%	100,47	05/29/14	04/15/17	NC	190,000	190,885	190,473		
Chandler Asset Management	US Treasury	912828VA5	1.28%	1.125%	99,86	02/01/16	04/30/20	NC	100,000	99,356	100,856		
Chandler Asset Management	US Treasury	912828N89	1.21%	1.375%	100,65	02/24/16	01/31/21	NC	200,000	201,565	203,234		
Chandler Asset Management	US Treasury	912828U00	1.68%	1.125%	97,75	12/22/15	03/31/20	NC	200,000	195,907	201,820		
Chandler Asset Management	US Treasury	912828V09	1.76%	2.125%	101,61	12/22/15	08/31/20	NC	200,000	209,382	209,382		
Chandler Asset Management	US Treasury	912828WC0	1.78%	2.125%	99,84	12/22/15	200,282	NC	200,000	200,430	206,430		
Chandler Asset Management	US Treasury	912828TH3	1.19%	0.875%	98,89	09/29/15	07/31/19	NC	190,000	187,789	190,638		
Chandler Asset Management	US Treasury	912828UB4	1.37%	1.000%	98,48	10/29/15	11/30/19	NC	110,000	108,402	110,615		
Chandler Asset Management	US Treasury	912828ST8	1.25%	1.250%	100,16	05/23/15	04/30/19	NC	160,000	160,007	162,262		
Chandler Asset Management	US Treasury	912828L65	1.36%	1.375%	100,84	03/23/16	09/30/20	NC	190,000	190,090	193,228		
									1,905,000	1,903,263	1,934,096	4.71%	100%

0.25%	incl LAF, investments
0.59%	depository account
	Weighted Average
	Yield and money market

LAI
Total Investments

Depository Acct
Money Market Acct
Clawback
Total Money Market, LAIF Depository Account and Investments

CITY OF STANTON
CASH AND INVESTMENT BALANCES BY FUND TYPE
July 31, 2016

Fund Type	Cash and Investments	Totals
General Fund:		
Pooled	\$ (5,807,580)	
Other Accounts *	27,765,249	\$ 21,957,669
Special Revenue, Capital Projects and Enterprise Funds:		
Gas Tax	1,504,490	
Proposition 1B	-	
Measure M	1,105,218	
Fire Emergency Services	(148,549)	
Lighting & Median Maint.	1,858,515	
Sewer Maintenance	3,233,227	
Other	4,470,448	12,023,350
Internal Service Funds		1,312,126
Trust Funds		252,750
Total Cash and Investment Balances	\$	35,545,895

* Money Market, Imprest Accounts, Petty Cash and Investments

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: September 13, 2016

SUBJECT: JULY 2016 INVESTMENT REPORT (SUCCESSOR AGENCY)

REPORT IN BRIEF:

The Investment Report as of July 31, 2016 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of July 2016.

BACKGROUND:

The attached reports summarize the Successor Agency investments and deposit balances as of July 2016. A summary of the Agency's investments and deposits is included as Attachment A. The Agency's cash balances by fund are presented in Attachment B.

ANALYSIS:

The Agency's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of July 2016 was 0.59%.

The Agency began making investments in reserve funds other than those held by bond trustees in October 2015 for the first time. The Agency's other investments are shown on Attachment A and have a weighted investment yield of 1.65%. Including LAIF and

the Agency's portion of the Bank of the West checking and money market accounts, the weighted investment yield of the portfolio is 0.68%, which is more than the benchmark LAIF return of 0.59%.

The weighted average maturity of the Agency's investments at July 31, 2016 is 1,169 days, or over three years, as there is no immediate need for funds held in the reserve account. Including LAIF, the checking and money market accounts, the weighted average maturity is 244 days. LAIF's average maturity at July 31, 2016 is approximately 179 days.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2016-17 Investment Policy.

The portfolio will allow the Agency to meet its expenditure requirements for the next six months.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

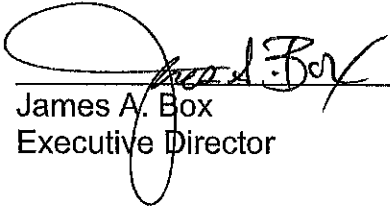
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director/Treasurer

Approved by:



James A. Box
Executive Director

Attachments:

- A. Investments and Deposits
- B. Cash Balances by Fund

**SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY
INVESTMENTS AND DEPOSITS
July 31, 2016**

Investment Type	Institution	Issuer/ Broker	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
State Treasurer's Pool - SA portion	Local Agency Investment Fund (LAIF)	State of California	On Demand	0.59%	\$ 9,215,529	\$ 9,215,529	\$ 9,218,046	LAIF
Imprest Account - SA portion	Bank of the West	Bank of the West	On Demand	N/A	(3,614,361)	(3,614,361)	(3,614,361)	Bank of the West
Clawback - Demand Deposits/Money Market Account	Bank of the West Money Market	Bank of the West	On Demand	0.29%	9,088,517	9,088,517	9,088,517	Bank of the West

Total Cash Investments and Deposits

\$ 14,689,684 \$ 14,692,202

Bond Funds Held by Trustees:

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2010 Tax Allocation Bonds (Tax-Exempt)									
Principal									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$3.84	\$3.84	\$3.84	US Bank
Interest									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$12.37	\$12.37	\$12.37	US Bank
Special Fund									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$11.54	\$11.54	\$11.54	US Bank
Reserve Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$13,554.64	\$13,554.64	\$13,554.64	US Bank
US Gov't Agency Security	Federal Home Loan Banks	Stern Agee	313380FB8	9/13/2019	1.38%	\$525,000.00	\$530,184.23	\$532,260.75	US Bank
US Gov't Agency Security	FNMA	Stern Agee	313560F73	11/30/2020	1.50%	\$530,000.00	\$532,368.90	\$539,349.20	US Bank
Negotiable Certificate of Deposit	Firstbank Puerto Rico	First Empire	33767ARS2	11/19/2018	1.50%	\$99,000.00	\$99,000.00	\$100,412.73	US Bank
Wells Fargo Bank Na	Wells Fargo Bank NA	MBS	9497482T3	11/19/2018	1.55%	\$249,000.00	\$249,000.00	\$252,550.74	US Bank
Goldman Sachs Bank USA	Goldman Sachs Bank USA	First Empire	38148J2Y6	11/26/2018	1.70%	\$150,000.00	\$150,000.00	\$152,136.00	US Bank
Redevelopment Fund:									
US Bank Money Market Fund	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$0.00	\$0.00	\$0.00	US Bank

Total 2010 Tax Allocation Bonds (Tax-Exempt)

\$1,574,136 \$1,590,292

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2011 Tax Allocation Bonds - Series A (Taxable)									
Principal:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$1.07	\$1.07	\$1.07	US Bank
Interest Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$13.43	\$13.43	\$13.43	US Bank
Reserve Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$14,689.03	\$14,689.03	\$14,689.03	US Bank
US Gov't Agency Security	Federal Home Loan Banks	Stern Agee	313380FB8	9/13/2019	1.38%	\$490,000.00	\$494,694.01	\$496,776.70	US Bank
US Gov't Agency Security	Private Export Funding Corp	Stern Agee	742665DV1	9/15/2020	2.30%	\$470,000.00	\$483,304.30	\$487,357.10	US Bank
Negotiable Certificate of Deposit	Ally Bank	Stern Agee	02006LUX9	10/22/2018	1.60%	\$246,000.00	\$246,782.00	\$249,739.20	US Bank
Negotiable Certificate of Deposit	Comenity Capital Bank	Stern Agee	20033ANK8	11/2/2018	1.40%	\$244,000.00	\$243,085.00	\$247,742.96	US Bank
Protect Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$0.00	\$0.00	\$0.00	US Bank
DS Fund									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$14.27	\$14.27	\$14.27	US Bank

Total 2011 Tax Allocation Bonds - Series A (Taxable)

\$1,482,583 \$1,496,334

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2011 Tax Allocation Bonds - Series B (Taxable)									
Principal:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$0.00	\$1.10	\$1.10	US Bank
Interest Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$12.24	\$12.24	\$12.24	US Bank
Special Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$11.31	\$11.31	\$11.31	US Bank
Bond Reserve Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$362,494.49	\$362,494.49	\$362,494.49	US Bank
US Gov't Agency Security	Federal Home Loan Banks	Stern Agee	313380FB8	9/13/2019	1.38%	\$455,000.00	\$459,358.30	\$461,292.65	US Bank
Negotiable Certificate of Deposit	Capital One Bank	Stern Agee	140420WJ5	10/9/2018	1.65%	\$218,000.00	\$219,120.00	\$221,293.98	US Bank
Negotiable Certificate of Deposit	Capital One NA	Stern Agee	14042RBJ9	10/29/2018	1.65%	\$213,000.00	\$212,811.00	\$216,246.12	US Bank
US Gov't Agency Security	Private Export Funding Corp	Stern Agee	742665DV1	9/15/2020	2.30%	\$430,000.00	\$442,171.70	\$445,879.90	US Bank
Redevelopment Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$709,735.56	\$709,735.56	\$709,735.56	US Bank

Total 2011 Tax Allocation Bonds - Series B (Taxable)

\$ 2,405,716 \$ 2,416,967

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2016 Series A and B									
Debt Service Fund									
Cash Equivalents	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	760,716	\$ 760,716	760,716.00	US Bank
Interest Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$11,746.82	\$11,746.82	\$11,746.82	US Bank

Total 2016 Series A and B

\$ 772,463 \$ 772,463

Total Bond Fund Investments and Deposits (3)

\$6,234,897	\$6,276,056
-------------	-------------

Notes:

- (1) - There have been no exceptions to the Investment Policy.
- (2) - The Successor Agency is able to meet its expenditure requirements for the next six months.
- (3) - Restricted Bond Funds are held by the fiscal agent.

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY**POOLED CASH BALANCES BY FUND TYPE**

July 31, 2016

Fund	Cash Balance
710 Project 2000 Debt Service Fund	-
711 Redevelopment Debt Service Fund	-
712 Redevelopment Obligation Retirement Fund	5,744,568
720 Low and Moderate Income Housing Fund	-
721 Housing Successor Fund	-
730 Community Redevelopment Administration Fund	-
731 Successor Agency Admin Fund	(143,501)
740 Redevelopment Project Fund	-
741 Successor Agency Project Fund	100
741 Cash DDR Clawback	9,088,517

TOTAL CASH BALANCE

\$ 14,689,684

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: September 13, 2016

SUBJECT: APPROVE SECOND AMENDMENT TO INFORMATION TECHNOLOGY
SUPPORT SERVICES AGREEMENT

REPORT IN BRIEF:

BreaIT has provided support to the City of Stanton since 1999. The most recent contract was written in 2012 after going through an RFP process. The contract calls for two one-year options. This Amendment would pick up the second of the two option years.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Authorize the City Manager to sign the Second Amendment to Information Technology Support Services Agreement.

BACKGROUND:

Since 1999 the City has been contracting with the Brea IT/City of Brea to provide Comprehensive Information Technology (IT) Services. Through 2012, annual contracts were approved by the City Manager. On July 16, 2012 staff sent out a Request For Proposals (RFP) to 15 consultants/companies that are well respected in the Orange County area and posted the RFP to the City's website. BreaIT was selected as the winning vendor from that RFP process due to cost, years of experience as a business,

years of experience of the staff and years of experience in government IT Services. The contract signed with BreaIT called for three years with two option years for comprehensive IT services.

ANALYSIS/JUSTIFICATION:

The City of Brea IT/City of Brea is a large full service provider that has over 22 years of Comprehensive Information Technology (IT) Service experience and has helped more than 20 agencies meet their technological needs. The City has been using BreaIT since 1999 and staff is pleased with the service that they perform. It is prudent to pick up the second option year for this agreement.

Brea IT's cost proposal for this new year is for the same hourly rate of \$91 per hour with regular services of eight hours per week and an increase of up to four hours every two weeks for remote work for an annual compensation of \$46,800. Emergency or unscheduled services requested by the City shall be charged at the rate of \$95 per hour with a minimum of two hours.

FISCAL IMPACT:

Sufficient funds for this contract are included in the Information Technology Budget – 101-1510-608145.

ENVIRONMENTAL IMPACT:

Not applicable.

PUBLIC NOTIFICATION:

Through the normal agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

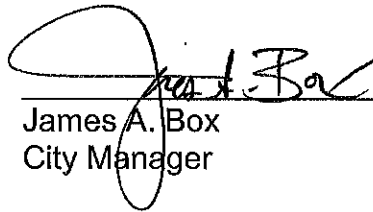
4. Ensure Fiscal Stability and Efficiency in Government

Prepared by:



Stephen M. Parker, CPA .
Administrative Services Director

Reviewed by:



James A. Box
City Manager

Attachment A: Second Amendment to Information Technology Support Services Agreement

CITY OF STANTON

SECOND AMENDMENT TO INFORMATION TECHNOLOGY SUPPORT SERVICES AGREEMENT

1. PARTIES AND DATE.

This Second Amendment to the Information Technology Support Services Agreement ("Second Amendment") is entered into on the 13th day of September, 2016, by and between the City of Stanton, a municipal corporation, organized under the laws of the State of California, with its principal place of business at 7800 Katella Avenue, Stanton, CA 90680 ("City") and City of Brea, a municipal corporation, organized under the laws of the State of California, with its principal place of business at 1 Civic Center Circle, Brea, CA 92821 ("BreaIT"). City and BreaIT are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Agreement. The Parties entered into that certain Information Technology Support Services Agreement, dated September 25, 2012 ("Agreement").

2.2 First Amendment. The Parties entered into an amendment to the Agreement in order to renew the term of the Agreement and increase the amount of compensation under the Agreement in a First Amendment, dated September 22, 2015 ("First Amendment").

2.3 Second Amendment. The Parties now desire to amend the Agreement in order to renew the term of the Agreement and increase the amount of compensation under the Agreement.

3. TERMS.

3.1 Term. Pursuant to Section (B)(1) of the Agreement, the Parties hereby extend the original term of the Agreement for an additional, one year term, from September 25, 2012 to September 25, 2017, which term shall be subject to all provisions in the Agreement .

3.2 Compensation. Section B(1)(a) of the Agreement hereby amended in its entirety to read as follows:

"As consideration for the use of BreaIT, City shall pay to BreaIT a fee of ninety-one dollars (\$91.00) per hour for each hour worked, which shall be payable upon receipt of invoice for said services from BreaIT. The hourly rates are subject to modification annually, as may be agreed between the Parties in writing. In exchange for the base monthly fee, BreaIT will provide City service time, not to exceed 48 hours per month for the following identified services: A specialist visiting the City's site two (2) times a week for four (4) hours per visit and working off-site one (1) time every two (2) week for four (4) hours to complete the identified services stated in the attached Exhibit "A", which is incorporated herein by reference, and the services provided herein. BreaIT will, in its sole reasonable discretion, determine which personnel shall be assigned to task/service requests."

3.3 Payment. Section B(1)(d) of the Agreement is hereby amended in its entirety to read as follows:

"BreaIT shall receive annual compensation of \$46,800 for regular services. Emergency or unscheduled services shall be billed charged and billed as set forth above."

3.4 Remaining Provisions of Agreement. Except as otherwise specifically set forth in this Second Amendment, the remaining provisions of the Agreement shall remain in full force and effect.

CITY OF STANTON

By: _____
James A. Box, City Manager

CITY OF BREA

By: _____
William Gallardo, City Manager

ATTEST:

By: _____
Patricia A. Vazquez, City Clerk

By: _____

APPROVED AS TO FORM:

By: _____
Best Best & Krieger LLP
City Attorney

By: _____

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: September 13, 2016

**SUBJECT: ESTABLISHMENT OF A FEE FOR THE PROCESSING OF MASSAGE
ESTABLISHMENT AMORTIZATION APPLICATION**

REPORT IN BRIEF:

In January of 2015, the City Council adopted Ordinance No. 1032, which created new requirements for massage establishments in the City. As part of the new regulations, existing massage establishments have a two year amortization period to obtain the necessary licenses, or modify the business to no longer be a massage establishment. An extension of the amortization period may be requested, subject to an application, and approval by the Planning Commission. This resolution would establish a fee of \$2,775 to recover the costs associated with the processing of the Massage Establishment Amortization applications.

RECOMMENDED ACTION:

1. Conduct a public hearing;
2. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(4) – The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and
3. That the City Council adopt Resolution No. 2016-35 establishing a fee for the processing of a Massage Establishment Amortization Application.

BACKGROUND:

In January of 2015, the City Council adopted Ordinance No. 1032 to establish new regulations for massage uses. As part of the new regulations, massage establishments were allowed in the CG (Commercial General) zone with a conditional use permit and massage establishment license, and massage establishments were prohibited in the CN (Commercial Neighborhood) zone. A two year amortization period was established to allow the massage establishments in the CG zone to apply for a conditional use permit and massage establishment license. The amortization period was also established to allow massage establishments in the CN zone to continue operations for

an additional two years following the adoption of the massage ordinance, or to phase out massage operations.

At the conclusion of the two year amortization period, set to expire February 27, 2017, all massage establishments in the CG zone will need a conditional use permit and massage establishment license approved in order to continue operating. For establishments in the CN zone, those establishments will need to be modified to no longer be a massage establishment, or the business will need to cease massage operations.

However, as part of Ordinance No. 1032, an amortization extension procedure was created to allow massage establishment owners to request an extension of the amortization period. For example, Stanton Municipal Code ("SMC") Section 20.400.190(L)(7) allows an applicant to request a longer amortization period based on, among other things, the amount invested in the business, how much the business improvements have depreciated, the remaining useful life of the business improvements, and the remaining term of the lease. The SMC requires the applicant to provide documents supporting their amortization extension request and to bear the burden in proving that their business should be provided more time to obtain entitlements or phase out, as applicable. The City will be providing each existing massage establishment owner a notice that discusses the amortization period expiration and ability to request an extension.

The Massage Establishment Amortization application would include staff review of application materials and supporting documents, drafting correspondence to the applicant, evaluation of supporting documentation by the City's attorneys, and drafting staff reports and resolutions to the Planning Commission. To recover the costs of processing each Massage Establishment amortization application, the creation of a Massage Establishment Amortization application fee of \$2,775 is proposed.

ANALYSIS/JUSTIFICATION:

Section 20.400.190 (Massage Establishments) of the Stanton Municipal Code as amended per Ordinance No. 1032 has established the requirements for the application submittal, review, and processing of a Massage Establishment Amortization application. Based on the requirements set forth in Section 20.400.190.K-L, the following are anticipated time allocations to complete the processing procedure:

1. Administrative Functions (logging in application, filing documents, closing out file, etc.) – 50 minutes
2. Application Review by Community Development Department (determination of completeness, review for accuracy, etc.) – 2.5 hours
3. Evaluation of materials by the City Attorney (review of support documentation required per Section 20.400.190.K-L) – 8 hours
4. Application Determination Process (drafting findings and conditions, City Attorney review, draft staff reports and resolutions, etc.) – 6 hours 15 minutes

Based on the procedures and time allocation for the processing of the application, the identified fee necessary to recover the City's costs would be \$2,775 per application.

FISCAL IMPACT:

The proposed fee would cover, but not exceed, the estimated reasonable cost of providing the service for which the fee is charged. The fee would be established as a cost recovery mechanism.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, this project has been determined to be exempt under Section 15378(b)(4).

PUBLIC NOTIFICATION:

Public notice for this item was made at three public places in accordance with Government Code Section 65090 and through the regular agenda process.

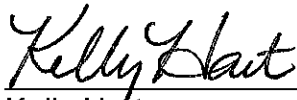
STRATEGIC PLAN OBJECTIVE ADDRESSED:

6 – Maintain and Promote a Responsive, High Quality and Transparent Government.

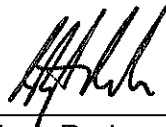
Prepared By:

Reviewed By:

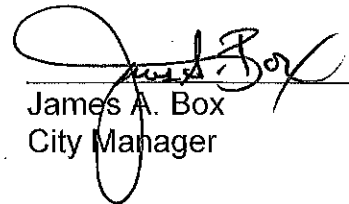
Approved by:



Kelly Hart
Community Development
Director



Stephen Parker
Administrative Services
Director



James A. Box
City Manager

Attachment

- A. Resolution No. 2016-35
- B. Fee Analysis

RESOLUTION NO. 2016-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING A FEE FOR THE PROCESSING OF MASSAGE ESTABLISHMENT AMORTIZATION APPLICATIONS IN THE CITY OF STANTON

WHEREAS, Assembly Bill 1147, signed recently by Governor Jerry Brown, was created in response to criticism against Senate Bill 731 and allows local agencies to impose reasonable zoning, business licensing, and health and safety requirements on massage establishments. Assembly Bill 1147 went into effect on January 1, 2015; and

WHEREAS, the City adopted Ordinance No. 1032 amending the Stanton Municipal Code to ensure that the City regulates massage establishments in compliance with the provisions of Assembly Bill 1147; and

WHEREAS, on January 27, 2015, the City Council passed Ordinance No. 1032, which requires existing massage establishments at the time of adoption to come into compliance with the new regulations within two years of the date of adoption of the Ordinance; and

WHEREAS, as part of the adopted Ordinance, an amortization period of two years was adopted, along with procedures for the City to consider an applicant's request for the extension of the amortization period; and

WHEREAS, the City Council desires to recover all staff and related costs associated with the impacts of processing a massage establishment amortization application, in accordance with the City's cost recovery formula; and

WHEREAS, the City has determined that the figure of \$2,775.00 represents the costs borne by the City in processing each massage establishment amortization application, and that the \$2,775.00 amount should be recovered through the establishment of a fee for each application; and

WHEREAS, at least 10 days before the meeting, the City made publicly available data, indicating the amount of cost, or estimated cost, required to process and review a massage establishment amortization application; and

WHEREAS, it is the intention of the City Council that the permit fee set forth herein shall cover, but not exceed, the estimated reasonable cost of providing the service for which the fee is charged.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. The City Council further finds that this Ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to Section 15378(b)(4) as the project relates to the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Section 3. CUSTODIAN OF RECORDS: The documents and materials associated with this Resolution that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave., Stanton, California 90680. The Community Development Director is the custodian of the record of proceedings.

Section 4. The fee for massage establishment amortization application in the City shall be \$2,775.00 per application, and the City is authorized to collect from each applicant the permit fee set forth herein.

Section 5. 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 City Council declares that the City Council would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 6. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 13th day of September, 2016.

BRIAN DONAHUE, MAYOR

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2016-35 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on September 13, 2016, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

Amortization Request for Massage Establishments Application Process

(SMC 20.400.190.L)

1. **Application Submittal.** The owner of the property on which the business is located or the owner of the business must submit a complete application for approval of an extension not later than six months prior to the expiration of the amortization period, unless the Director determines that good cause is shown for late filing of the application.
 - a. **Administrative Clerk** logs application, puts together docket sheet, and puts application materials in order in a folder **(30 minutes)**
2. **Application Review**
 - a. **Community Development Director** reviews and assigns to a planner **(30 minutes)**
 - b. **Planner** reviews application for completeness
 - i. Determines whether the application meets the requirements of Section 20.400.190.L **(1 hour)**
 - ii. Drafts letter to applicant notifying whether the application is complete (must be sent within 30 calendar days of submittal) **(1 hour)**
 - c. Determination
 - i. **Planner** drafts letter to applicant giving notice of hearing date at least 10 days prior to Planning Commission hearing **(30 minutes)**
 - ii. **Planner** drafts staff report for Planning Commission to **(2 hours)**
 - iii. **Community Development Director** reviews staff report **(1 hour)**
 - iv. **Planner** presents the amortization request to the Planning Commission to **(1 hour)**
 - v. **Community Development Director** attends Planning Commission meeting **(1 hour)**
 - vi. **Planner** drafts decision letter **(30 minutes)**
 - vii. **Community Development Director** reviews decision letter **(15 minutes)**
 - viii. **City Attorney** reviews application, staff report and findings, attends Planning Commission meeting **(8 hours)**
 - d. Finalizing procedures
 - i. **City Clerk** prepares written notice to applicant of City Council's decision **(30 minutes)**
 - ii. **Administrative Clerk** closes out application file **(20 minutes)**

Fully Burdened Hourly Rates:

Community Development Director – \$133.11

Associate Planner – \$70.49

Administrative Clerk – \$31.08

City Clerk – \$89.89

City Attorney - \$239.28

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: September 13, 2016

SUBJECT: ISSUANCE OF REFUNDING TAX ALLOCATION BONDS

REPORT IN BRIEF:

When the Stanton Redevelopment Agency was dissolved there were 5 series of tax allocation bonds previously issued and outstanding. The Dissolution Act permits successor agencies to refinance outstanding bonds or other obligations of a former redevelopment agency under certain circumstances.

If approved, the resolution would authorize the refunding several series of outstanding bonds issued by the former agency, with an expected total savings of \$18.5 million over 24 years.

RECOMMENDED ACTION:

1. That the Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly).
2. That the Successory Agency adopt Resolution No. SA 2016-05 entitled "A RESOLUTION OF THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED STANTON REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING THERETO, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS, BOND PURCHASE AGREEMENT, ESCROW AGREEMENTS AND CONTINUING DISCLOSURE CERTIFICATE, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE

REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE
OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY
RELATING THERETO"

BACKGROUND:

When the Stanton Redevelopment Agency was dissolved as a result of the Dissolution Act, the Agency had 5 series of tax allocation bonds outstanding. The Dissolution Act authorizes refinancing of the former Agency debt if debt service on the bonds can be reduced.

Earlier in 2016, the Successor Agency refinanced the former Agency's 2005 Series A Taxable Tax Allocation Bonds and the 2005 Series B Tax Allocation Bonds, reducing debt service by \$6.1 million over 20 years.

There are 3 remaining series of outstanding bonds issued by the former Agency.

ANALYSIS/JUSTIFICATION:

The former Agency's outstanding bonds (after the upcoming December 1, 2016 payment) are shown below:

	<u>2010 Series A</u>	<u>Taxable 2011 Series A</u>	<u>Taxable 2011 Series B</u>
Outstanding	\$22,355,000	\$14,590,000	\$11,920,000
Final Maturity	2040	2040	2030
Average Interest Rate	4.6%	8.9%	8.8%

The 2011 Bonds were issued on a taxable basis and had a higher interest rate. The bonds were issued in March 2011, just prior to the passage of the Dissolution Act in June of that year. The 2011 Series A Bonds were issued to fund low and moderate income housing projects (specifically the Tina-Pacific project). The 2011 Series B Bonds were issued to repay the City Loans and to fund additional Tina-Pacific expenses if they were greater than what was available from the 2011 Series A Bonds.

The Dissolution Act originally prohibited the expenditure of the 2011 Bond proceeds after June 2011 and disallowed the repayment of the City Loan. The Dissolution Act was amended in September 2015 to allow expenditure of some of the bond funds. As part of ROPS 16-17, the Successor Agency received authorization to spend 100% of the 2011 Series A Bonds housing proceeds and 5% of the 2011 Series B Bonds redevelopment proceeds and those funds were transferred to the Housing Authority for the Tina-Pacific Project.

The Successor Agency has the ability to spend an additional 30% of the 2011 Series B Bonds redevelopment proceeds upon certain conditions, including the filing of a Last

and Final ROPS. It will likely be a few more years until the Last and Final ROPS can reasonably be expected to be filed, but the funds may remain on hand until that time.

The remaining 65% of the original 2011 Series B Bonds redevelopment proceeds, approximately \$6.9 million, are not authorized to be spent. The Successor Agency can use these remaining funds toward the cost to refinance the bonds, which will lower the amount of the new borrowing and reduce the amount of Redevelopment Property Tax Trust Fund (RPTTF) money needed to pay debt service. This will increase the residual RPTTF to distribute to all taxing entities, including the City.

The Successor Agency's Financial Advisor estimates that refinancing of the taxable 2011 Series A and Series B Bonds will be at an effective rate of 3.5%. The Financial Advisor also recommends refinancing the tax-exempt 2010 Bonds with the longest maturity (between 2036 and 2040) which carry an interest rate of 5%, and a portion of the 2010 Bonds maturing in 2017. These maturities were selected to provide the most savings. The estimated effective rate for the tax-exempt bonds is 3.7%. The repayment is scheduled to occur over the same term as the existing bonds.

By applying the \$6.9 million 2011 redevelopment funds toward the cost of refinancing the 2011 Series B Bonds, and by purchasing an insurance policy in lieu of leaving the existing \$3.25 million in the reserve fund held by the trustee for the bonds, the estimated total savings is \$18.5 million over 24 years, with an average of \$1,130,000 annually in the first 14 years and \$270,000 annually in the remaining 10 years. This represents an overall 25% reduction in debt service compared to existing payments. Approximately half of the savings is allocable to the deposit of the redevelopment fund to redeem bonds and the rest is a result of interest rate reduction.

The City currently receives approximately 13.5% of the residual property tax. Assuming that the savings are not applied to other enforceable obligations of the Successor Agency, the City's share of the additional residual property tax generated by the annual debt service savings would be approximately \$153,000 in the first 14 years, dropping to \$36,000 in the final 10 years. The remainder of the savings would also be distributed to the County, the School Districts, the College District and other taxing agencies through the regular RPTTF distribution process.

Between the time that the refinancing is approved by the Successor Agency and the time that the Successor Agency can actually enter the market to sell the refunding bonds based on the CRL requirements (discussed below), interest rates could increase, and debt service savings may be reduced. Therefore, the current estimate of \$18.5 million savings to be shared among taxing agencies over the next 24 years is an estimate at this time. For every ¼% increase in the bonds interest rate, the total savings will be reduced by \$1,250,000, or an average annual savings reduction of \$50,000.

Authorization Process

The Dissolution Act has added a number of steps to the traditional refinancing process, and requires more time to actually get the bonds to market. If the Board takes the recommended action and adopts the resolution authorizing the refinancing of the bonds, the Oversight Board will be presented with a companion resolution approving the action taken by your Board. This Oversight Board action must be submitted to and approved by the DOF for conformity with the provisions of CRL 34177.5(a)(1). DOF can take up to 65 days from the time the Oversight Board resolution is submitted to approve the financing.

The Resolution presented for Successor Agency Board approval authorizes the issuance of the Refunding Bonds in two series, and approves the forms of the following documents:

- First Supplemental Indenture of Trust;
- Escrow Deposit and Trust Agreement – 2010 Bonds;
- Escrow Deposit and Trust Agreement – 2011 Series A Bonds;
- Escrow Deposit and Trust Agreement – 2011 Series B Bonds;
- Bond Purchase Contract;
- Preliminary Official Statement; and
- Continuing Disclosure Agreement (appended to the Preliminary Official Statement).

The Resolution also approves the distribution of the preliminary official statement for the bonds, entering into the Bond Purchase Contract with Stifel Nicolaus & Company to underwrite the bonds and authorize any other actions needed in connection with the bonds. The Preliminary Official Statement is included with this report for the Board's review, and the forms of the other documents are on file with the City Clerk. The resolution authorizes the City Manager, as the chief administrative officer of the Successor Agency, to enter into the Bond Purchase Contract so long as the principal amount does not exceed \$11,000,000 for the Tax-Exempt Bonds and \$28,000,000 for the Taxable Bonds, the underwriters' compensation is not more than 1% of the principal amount of the Bonds and the debt service savings meet the requirements of 34177.5(a)(1) of the Dissolution Act.

The bonds are expected to be sold in early December after DOF approval is received.

The Board members are asked to review the description of the Successor Agency and the financial information relating to the Successor Agency's finances that are included in the Preliminary Official Statement and communicate any changes to staff prior to November 1.

Staff has prepared a resolution for consideration by the Oversight Board to direct the Successor Agency to refinance a portion of the 2010 Bonds and all of the 2011 Series A Bonds and 2011 Series B Bonds. If your Board adopts the resolution approving the

refinancing, the Oversight Board resolution will be presented to the Oversight Board at their September 15 meeting.

FISCAL IMPACT:

The increase in the residual property tax (or former tax increment) that gets distributed to all the taxing entities (including the City) will increase by approximately \$18.5 million over 24 years. To the extent the incremental residual property tax is not used for other Successor Agency enforceable obligations, it will be distributed to taxing agencies, including the City, through the regular RPTTF distribution process. The City's share of the increased residual is approximately \$2.5 million based on today's interest rates.

The Dissolution Act also provides that staff costs related to refunding proceedings can be recovered as authorized by CRL §34177.5(f).

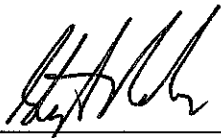
ENVIRONMENTAL IMPACT:

None.

PUBLIC NOTIFICATION:

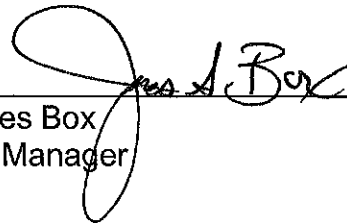
Through the regular agenda process.

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director

Approved by:



James Box
City Manager

Attachments:

- A. Resolution No. SA 2016-05
- B. Debt Service Savings Analysis
- C. Preliminary Official Statement

RESOLUTION NO. SA 2016-05

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED STANTON REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING THERETO, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS, BOND PURCHASE AGREEMENT, ESCROW AGREEMENTS AND CONTINUING DISCLOSURE CERTIFICATE, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council elected to assume the activities and obligations of the Stanton Redevelopment Agency (the "Former Agency"), as the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its \$25,280,000 Stanton Consolidated Redevelopment Project, Tax Allocation Bonds, 2010 Series A (the "2010 Series A Bonds"), and its \$15,330,000 Stanton Redevelopment Agency Taxable Housing Tax Allocation Bonds, 2011 Series A (the "2011 Series A Bonds,"), and its \$12,480,000 Stanton Consolidated Redevelopment Project Taxable Tax Allocation Bonds, 2011 Series B (the "2011 Series B Bonds"), for the purpose of financing redevelopment and low and moderate income housing activities;

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency to the Stanton Redevelopment Agency of the Tax-Exempt Tax Allocation Refunding Bonds, to be issued in one or more series (the "Tax-Exempt Bonds") and the Taxable Tax Allocation Refunding Parity Bonds, to be issued in one or more series (the "Taxable Bonds," collectively with the Tax-Exempt Parity Bonds, the "Refunding Bonds"), the Successor Agency has caused its financial advisor, Harrell & Company Advisors (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to prepay a portion of the 2010 Series A Bonds and all of the 2011 Series A Bonds and 2011 Series B Bonds

(collectively, the "Prior Bonds") and, thereby, to refund all or a portion of the Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of a First Supplemental Indenture of Trust, expected to be dated as of the first day of the month such bonds are issued, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the "First Supplemental Indenture") and three separate Escrow Deposit and Trust Agreements, each to be delivered to U.S. Bank National Association, as trustee for the Prior Bonds, for the 2010 Series A Bonds, the 2011 Series A Bonds and 2011 Series B Bonds, each such agreement to be dated as of the date of the first day of the month of the issuance and delivery of the Refunding Bonds (collectively, the "Escrow Deposit and Trust Agreements") and reflecting the portion of the Prior Bonds to be refunded;

WHEREAS, the Successor Agency, with the assistance of its municipal advisor and disclosure counsel has prepared a draft of the Official Statement for the Refunding Bonds (the "Official Statement"), which contains information regarding the Refunding Bonds, the Former Agency, the Successor Agency, and the Stanton Consolidated Redevelopment Project, the preliminary form of which is on file with the City Clerk, the Bond Purchase Agreement, which sets forth the terms and conditions of the sale of the Refunding Bonds (the "Bond Purchase Agreement") to Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter") and the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which contains certain disclosure covenants to be performed by the Successor Agency for the life of the Refunding Bonds; and

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the Official Statement, the First Supplemental Indenture, the Bond Purchase Agreement and Continuing Disclosure Certificate and wishes at this time to approve their use and distribution as in the public interests of the Successor Agency and applicable taxing entities;

WHEREAS, pursuant to Section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency;

WHEREAS, the Successor Agency requests that the Oversight Board approve the issuance of the Refunding Bonds to refund all or a portion of the Prior Bonds as selected by the Successor Agency pursuant to this Resolution and the First Supplemental Indenture;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE DISSOLVED STANTON REDEVELOPMENT AGENCY DOES HEREBY FIND AS FOLLOWS:

SECTION 1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease all or a portion of the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which Debt Service Savings Analysis is hereby approved.

SECTION 2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Redevelopment Law and the Refunding Law in the aggregate principal amount of not to exceed \$11,000,000 for the Tax-Exempt Bonds and \$28,000,000 for the Taxable Bonds, provided that the principal and interest payable with respect to the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof.

SECTION 3. Approval of the First Supplemental Indenture. The Successor Agency hereby approves the First Supplemental Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Mayor, as the Chairman and presiding officer of the Successor Agency, or the City Manager of the City of Stanton, as the chief administrative officer of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the First Supplemental Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the City Clerk, in the capacity of Secretary of the Successor Agency (the "Secretary"), with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the First Supplemental Indenture. The Successor Agency hereby authorizes the delivery and performance of the First Supplemental Indenture.

SECTION 4. Approval of Escrow Deposit and Trust Agreements. The forms of the Escrow Deposit and Trust Agreements on file with the Secretary are hereby approved and the Authorized Officers are, each acting alone hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Deposit and Trust Agreements upon the issuance of each series of Refunding Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Deposit and Trust Agreements.

SECTION 5. Approval of Bond Purchase Agreement. The sale of the Refunding Bonds pursuant to the Bond Purchase Agreement shall be subject to the following

parameters: (i) the terms of the Refunding Bonds shall be in compliance with the savings parameters set the Resolution and Section 34177.5(a)(1) of the Dissolution Act, and (ii) the Underwriter's compensation (i.e., underwriter's discount), exclusive of any original issue discount, in connection with the Refunding Bonds shall not exceed 1% of the aggregate principal amount of the Refunding Bonds. The Bond Purchase Agreement is hereby approved. Each of the Authorized Officers, acting individually, is authorized to, for and in the name and on behalf of the Successor Agency, negotiate, execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

SECTION 6. Approval of Official Statement. The Successor Agency hereby approves the preliminary Official Statement in substantially the form presented at this meeting. Distribution of the preliminary Official Statement by the Successor Agency and its Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, the Authorized Officers are authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officers, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds, and the Authorized Officers, each acting alone, are authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter a Continuing Disclosure Certificate substantially in the form appended to the final Official Statement.

SECTION 7. Approval of Continuing Disclosure Certificate. Each of the Authorized Officers acting individually, is authorized to, for and in the name and on behalf of the Successor Agency, negotiate, execute and deliver the Continuing Disclosure Certificate in substantially the same form as contained in the appendix of the Official Statement, with such changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

SECTION 8. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests the Oversight Board as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the First Supplemental Indenture.

SECTION 9. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the

Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of each series of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of each series of the Refunding Bonds without the approval of the Oversight Board, the California Department of Finance, the Orange County Department of Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) The Successor Agency shall transfer 65% of the proceeds of the 2011 Series B Bonds originally deposited in the Redevelopment Fund, plus accrued interest, to the escrow fund established for the refunding of the 2011 Series B Bonds. Such proceeds are not subject to expenditure for redevelopment activities in accordance with Section 34191.4(c)(2) and will be applied to the defeasance of the 2011 Series Bonds in connection with the refunding.

Section 10. Filing of Debt Service Savings Analysis and Resolution. The Secretary of the Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the Orange County Administrative Officer, the Orange County Auditor-Controller and the California Department of Finance.

SECTION 11. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there

is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds pursuant to an additional supplemental Indenture of Trust without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

SECTION 12. Municipal Bond Insurance and Surety Bonds. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and reserve account surety bonds for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with Harrell & Company Advisors, the Municipal Advisor to the Successor Agency and the Underwriter, that such municipal bond insurance policy and/or surety bonds will reduce the true interest costs with respect to the Refunding Bonds. Bond Counsel is hereby directed to make all changes to the First Supplemental Indenture, the Escrow Deposit and Trust Agreements, the preliminary Official Statement, the Bond Purchase Agreement and the Continuing Disclosure Certificate, as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

SECTION 13. Agreements with Consultants. The firm of Best Best & Krieger LLP is hereby designated as Bond Counsel, the firm of Harrell & Company Advisors LLC is hereby designated as municipal advisor to the Successor Agency and the firm of Quint & Thimmig LLP is hereby designated as Disclosure Counsel to the Successor Agency for the Refunding Bonds. The City Manager is hereby authorized and directed to execute and deliver agreements with such firms for their services related to the Refunding Bonds, each such agreement to be in the respective form on file with the Secretary.

SECTION 14. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency or any and all other officers of the City acting on behalf of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be

taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

SECTION 15. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 13th day of September, 2016.

BRIAN DONAHUE
CHAIRMAN

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON
AGENCY COUNSEL

ATTEST:

I, Patricia A. Vazquez, Agency Secretary of the City of Stanton, as Successor to Stanton Redevelopment Agency, Stanton, California, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. SA 2016-05 has been duly signed by the Chairman and attested by the Agency Secretary, all at a regular meeting of the City of Stanton, as Successor to Stanton Redevelopment Agency, held on September 13, 2016, and that the same was adopted, signed and approved by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

PATRICIA A. VAZQUEZ
AGENCY SECRETARY

SOURCES AND USES OF FUNDS

Stanton Successor Agency Tax Allocation Refunding Bonds, 2016 Series C and 2016 Series D

	Dated Date	12/20/2016		
	Delivery Date	12/20/2016		
Sources:	2016 C Tax-Exempt Bonds Allocable to 2010 Refunding	2016 D Taxable Bonds Allocable to 2011 A Refunding	2016 D Taxable Bonds Allocable to 2011 B Refunding	Total
Bond Proceeds:				
Par Amount	9,385,000.00	18,950,000.00	7,935,000.00	36,270,000.00
Premium	1,888,280.80			1,888,280.80
	11,273,280.80	18,950,000.00	7,935,000.00	38,158,280.80
Other Sources of Funds:				
Debt Service Reserve Fund	426,773.74	1,474,364.00	1,349,000.00	3,250,137.74
Redevelopment Fund			6,936,000.00	6,936,000.00
	426,773.74	1,474,364.00	8,285,000.00	10,186,137.74
	11,700,054.54	20,424,364.00	16,220,000.00	48,344,418.54
Uses:	2016 C Tax-Exempt Bonds Allocable to 2010 Refunding	2016 D Taxable Bonds Allocable to 2011 A Refunding	2016 D Taxable Bonds Allocable to 2011 B Refunding	Total
Refunding Escrow Deposits:				
Cash Deposit	0.74	0.28	0.19	1.21
SLGS Purchases	11,373,062.00	19,915,450.00	16,015,086.00	47,303,598.00
	11,373,062.74	19,915,450.28	16,015,086.19	47,303,599.21
Delivery Date Expenses:				
Cost of Issuance	62,100.91	125,392.89	52,506.20	240,000.00
Underwriter's Discount	56,310.00	123,175.00	51,577.50	231,062.50
Bond Insurance	155,115.62	220,841.91	77,396.99	453,354.52
Surety Bond	52,412.50	35,116.79	19,229.36	106,758.65
	325,939.03	504,526.59	200,710.05	1,031,175.67
Other Uses of Funds:				
Rounding Amount	1,052.77	4,387.13	4,203.76	9,643.66
	11,700,054.54	20,424,364.00	16,220,000.00	48,344,418.54

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

SUMMARY OF REFUNDING RESULTS

Stanton Successor Agency

Tax Allocation Refunding Bonds, 2016 Series C and 2016 Series D

	2016 C Tax-Exempt Bonds Allocable to 2010 Refunding	2016 D Taxable Bonds Allocable to 2011 A Refunding	2016 D Taxable Bonds Allocable to 2011 B Refunding	Total
Dated Date	12/20/2016	12/20/2016	12/20/2016	12/20/2016
Delivery Date	12/20/2016	12/20/2016	12/20/2016	12/20/2016
Arbitrage Yield	2.850707%	3.706719%	2.937021%	2.850707%
Escrow Yield	0.904955%	1.007407%	0.996400%	0.904955%
Value of Negative Arbitrage	755,370.21	2,054,373.11	1,174,028.70	3,983,772.02
Bond Par Amount	9,385,000.00	18,950,000.00	7,935,000.00	36,270,000.00
True Interest Cost	3.656282%	3.633618%	2.853851%	3.538041%
Net Interest Cost	4.083185%	3.676594%	2.863805%	3.737500%
Average Coupon	4.998486%	3.625005%	2.781342%	4.067979%
Average Life	21.327	12.600	7.882	13.826
Par amount of refunded bonds	9,830,000.00	14,590,000.00	11,920,000.00	36,340,000.00
Average coupon of refunded bonds	4.998603%	8.927298%	8.784609%	7.333581%
Average life of refunded bonds	21.380	14.530	8.839	14.516
PV of prior debt	13,187,769.14	22,798,200.85	17,233,502.90	
Net PV Savings	203,676.36	2,634,182.68	1,114,333.01	3,952,192.05
Percentage savings of refunded bonds	2.071987%	18.054713%	9.348431%	10.875597%

Notes:
Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

SAVINGS

Stanton Successor Agency 2016 C Tax-Exempt Bonds Allocable to 2010 Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings
12/01/2017	798,400.00	761,452.92	36,947.08
12/01/2018	476,000.00	453,250.00	22,750.00
12/01/2019	476,000.00	453,250.00	22,750.00
12/01/2020	476,000.00	453,250.00	22,750.00
12/01/2021	476,000.00	453,250.00	22,750.00
12/01/2022	476,000.00	453,250.00	22,750.00
12/01/2023	476,000.00	453,250.00	22,750.00
12/01/2024	476,000.00	453,250.00	22,750.00
12/01/2025	476,000.00	453,250.00	22,750.00
12/01/2026	476,000.00	453,250.00	22,750.00
12/01/2027	476,000.00	453,250.00	22,750.00
12/01/2028	476,000.00	453,250.00	22,750.00
12/01/2029	476,000.00	453,250.00	22,750.00
12/01/2030	476,000.00	453,250.00	22,750.00
12/01/2031	476,000.00	453,250.00	22,750.00
12/01/2032	476,000.00	453,250.00	22,750.00
12/01/2033	476,000.00	453,250.00	22,750.00
12/01/2034	476,000.00	453,250.00	22,750.00
12/01/2035	476,000.00	453,250.00	22,750.00
12/01/2036	2,196,000.00	2,088,250.00	107,750.00
12/01/2037	2,200,000.00	2,096,500.00	103,500.00
12/01/2038	2,199,500.00	2,095,250.00	104,250.00
12/01/2039	2,199,500.00	2,094,750.00	104,750.00
12/01/2040	2,199,750.00	2,094,750.00	105,000.00
	20,361,150.00	19,389,452.92	971,697.08

Savings Summary

Savings PV date	12/20/2016
Savings PV rate	2.850707%
PV of savings from cash flow	629,397.33
Less: Prior funds on hand	(426,773.74)
Plus: Refunding funds on hand	1,052.77
Net PV Savings	203,676.36

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

SAVINGS

Stanton Successor Agency 2016 D Taxable Bonds Allocable to 2011 A Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings
12/01/2017	1,548,250.00	1,273,527.13	274,722.87
12/01/2018	1,550,375.00	1,276,974.00	273,401.00
12/01/2019	1,550,462.50	1,272,521.00	277,941.50
12/01/2020	1,548,412.50	1,271,540.00	276,872.50
12/01/2021	1,549,125.00	1,273,779.50	275,345.50
12/01/2022	1,547,125.00	1,269,307.50	277,817.50
12/01/2023	1,549,400.00	1,273,028.50	276,371.50
12/01/2024	1,548,700.00	1,274,803.50	273,896.50
12/01/2025	1,550,025.00	1,275,091.50	274,933.50
12/01/2026	1,547,950.00	1,273,682.50	274,267.50
12/01/2027	1,549,800.00	1,275,921.50	273,878.50
12/01/2028	1,547,150.00	1,271,205.50	275,944.50
12/01/2029	1,550,000.00	1,274,615.00	275,385.00
12/01/2030	1,547,450.00	1,271,206.50	276,243.50
12/01/2031	1,549,500.00	1,276,085.50	273,414.50
12/01/2032	1,550,250.00	1,272,435.00	277,815.00
12/01/2033	1,549,250.00	1,272,353.00	276,897.00
12/01/2034	1,546,050.00	1,270,635.00	275,415.00
12/01/2035	970,200.00	797,281.00	172,919.00
12/01/2036	972,550.00	801,514.00	171,036.00
12/01/2037	974,950.00	799,520.00	175,430.00
12/01/2038	971,950.00	796,503.50	175,446.50
12/01/2039	908,550.00	747,464.50	161,085.50
12/01/2040	904,700.00	744,243.50	160,456.50
	33,582,175.00	27,605,238.63	5,976,936.37

Savings Summary

Savings PV date	12/20/2016
Savings PV rate	3.706719%
PV of savings from cash flow	4,104,159.55
Less: Prior funds on hand	(1,474,364.00)
Plus: Refunding funds on hand	4,387.13
Net PV Savings	2,634,182.68

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

SAVINGS

Stanton Successor Agency 2016 D Taxable Bonds Allocable to 2011 B Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings
12/01/2017	1,346,437.50	613,823.15	732,614.35
12/01/2018	1,529,987.50	699,249.50	830,738.00
12/01/2019	1,529,862.50	697,262.50	832,600.00
12/01/2020	1,531,737.50	699,125.50	832,612.00
12/01/2021	1,530,237.50	694,623.00	835,614.50
12/01/2022	1,530,362.50	698,970.00	831,392.50
12/01/2023	1,528,693.76	696,816.50	831,877.26
12/01/2024	1,531,850.00	698,330.00	833,520.00
12/01/2025	1,528,968.76	693,738.00	835,230.76
12/01/2026	1,530,050.00	698,020.00	832,030.00
12/01/2027	1,530,500.00	696,160.00	834,340.00
12/01/2028	1,527,850.00	697,956.00	829,894.00
12/01/2029	1,526,650.00	693,207.50	833,442.50
12/01/2030	1,526,000.00	697,342.50	828,657.50
	21,229,187.52	9,674,624.15	11,554,563.37

Savings Summary

Savings PV date	12/20/2016
Savings PV rate	2.937021%
PV of savings from cash flow	9,395,129.25
Less: Prior funds on hand	(8,285,000.00)
Plus: Refunding funds on hand	4,203.76
Net PV Savings	1,114,333.01

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

BOND PRICING

Stanton Successor Agency
Tax Allocation Refunding Bonds, 2016 Series C and 2016 Series D

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:	12/01/2017	320,000	4.000%	0.680%	103.129				10,012.80
Term Bonds:	12/01/2036	1,635,000	5.000%	2.620%	120.720 C	3.542%	12/01/2026	100.000	338,772.00
	12/01/2037	1,725,000	5.000%	2.620%	120.720 C	3.585%	12/01/2026	100.000	357,420.00
	12/01/2038	1,810,000	5.000%	2.620%	120.720 C	3.623%	12/01/2026	100.000	375,032.00
	12/01/2039	1,900,000	5.000%	2.620%	120.720 C	3.658%	12/01/2026	100.000	393,680.00
	12/01/2040	1,995,000	5.000%	2.620%	120.720 C	3.689%	12/01/2026	100.000	413,364.00
		9,065,000							1,878,268.00
Taxable Serial Bonds:	12/01/2017	1,140,000	1.120%	1.120%	100.000				
	12/01/2018	1,200,000	1.370%	1.370%	100.000				
	12/01/2019	1,210,000	1.580%	1.580%	100.000				
	12/01/2020	1,230,000	1.810%	1.810%	100.000				
	12/01/2021	1,250,000	2.010%	2.010%	100.000				
	12/01/2022	1,275,000	2.230%	2.230%	100.000				
	12/01/2023	1,305,000	2.430%	2.430%	100.000				
	12/01/2024	1,340,000	2.560%	2.560%	100.000				
	12/01/2025	1,370,000	2.710%	2.710%	100.000				
	12/01/2026	1,410,000	2.810%	2.810%	100.000				
	12/01/2027	1,450,000	2.960%	2.960%	100.000				
	12/01/2028	1,490,000	3.110%	3.110%	100.000				
	12/01/2029	1,535,000	3.210%	3.210%	100.000				
	12/01/2030	1,585,000	3.310%	3.310%	100.000				
		18,790,000							
Taxable Term Bond:	12/01/2031	945,000	4.090%	4.090%	100.000				
	12/01/2032	980,000	4.090%	4.090%	100.000				
	12/01/2033	1,020,000	4.090%	4.090%	100.000				
	12/01/2034	1,060,000	4.090%	4.090%	100.000				
	12/01/2035	630,000	4.090%	4.090%	100.000				
	12/01/2036	660,000	4.090%	4.090%	100.000				

BOND PRICING

Stanton Successor Agency
Tax Allocation Refunding Bonds, 2016 Series C and 2016 Series D

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Taxable Term Bond:									
	12/01/2037	685,000	4.090%	4.090%	100.000				
	12/01/2038	710,000	4.090%	4.090%	100.000				
	12/01/2039	690,000	4.090%	4.090%	100.000				
	12/01/2040	715,000	4.090%	4.090%	100.000				
		8,095,000							
		36,270,000							1,888,280.80

Dated Date	12/20/2016
Delivery Date	12/20/2016
First Coupon	06/01/2017
Par Amount	36,270,000.00
Premium	1,888,280.80
Production	38,158,280.80
Underwriter's Discount	(231,062.50)
Purchase Price	37,927,218.30
Accrued Interest	104.569116%
Net Proceeds	37,927,218.30

Notes:
Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

BOND DEBT SERVICE

Stanton Successor Agency
2016 C Tax-Exempt Bonds Allocable to 2010 Refunding

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	320,000	4.000%	441,452.92	761,452.92
12/01/2018			453,250.00	453,250.00
12/01/2019			453,250.00	453,250.00
12/01/2020			453,250.00	453,250.00
12/01/2021			453,250.00	453,250.00
12/01/2022			453,250.00	453,250.00
12/01/2023			453,250.00	453,250.00
12/01/2024			453,250.00	453,250.00
12/01/2025			453,250.00	453,250.00
12/01/2026			453,250.00	453,250.00
12/01/2027			453,250.00	453,250.00
12/01/2028			453,250.00	453,250.00
12/01/2029			453,250.00	453,250.00
12/01/2030			453,250.00	453,250.00
12/01/2031			453,250.00	453,250.00
12/01/2032			453,250.00	453,250.00
12/01/2033			453,250.00	453,250.00
12/01/2034			453,250.00	453,250.00
12/01/2035			453,250.00	453,250.00
12/01/2036	1,635,000	5.000%	453,250.00	2,088,250.00
12/01/2037	1,725,000	5.000%	371,500.00	2,096,500.00
12/01/2038	1,810,000	5.000%	285,250.00	2,095,250.00
12/01/2039	1,900,000	5.000%	194,750.00	2,094,750.00
12/01/2040	1,995,000	5.000%	99,750.00	2,094,750.00
	9,385,000		10,004,452.92	19,389,452.92

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

BOND DEBT SERVICE

Stanton Successor Agency
2016 D Taxable Bonds Allocable to 2011 A Refunding

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	710,000	1.120%	563,527.13	1,273,527.13
12/01/2018	690,000	1.370%	586,974.00	1,276,974.00
12/01/2019	695,000	1.580%	577,521.00	1,272,521.00
12/01/2020	705,000	1.810%	566,540.00	1,271,540.00
12/01/2021	720,000	2.010%	553,779.50	1,273,779.50
12/01/2022	730,000	2.230%	539,307.50	1,269,307.50
12/01/2023	750,000	2.430%	523,028.50	1,273,028.50
12/01/2024	770,000	2.560%	504,803.50	1,274,803.50
12/01/2025	790,000	2.710%	485,091.50	1,275,091.50
12/01/2026	810,000	2.810%	463,682.50	1,273,682.50
12/01/2027	835,000	2.960%	440,921.50	1,275,921.50
12/01/2028	855,000	3.110%	416,205.50	1,271,205.50
12/01/2029	885,000	3.210%	389,615.00	1,274,615.00
12/01/2030	910,000	3.310%	361,206.50	1,271,206.50
12/01/2031	945,000	4.090%	331,085.50	1,276,085.50
12/01/2032	980,000	4.090%	292,435.00	1,272,435.00
12/01/2033	1,020,000	4.090%	252,353.00	1,272,353.00
12/01/2034	1,060,000	4.090%	210,635.00	1,270,635.00
12/01/2035	630,000	4.090%	167,281.00	797,281.00
12/01/2036	660,000	4.090%	141,514.00	801,514.00
12/01/2037	685,000	4.090%	114,520.00	799,520.00
12/01/2038	710,000	4.090%	86,503.50	796,503.50
12/01/2039	690,000	4.090%	57,464.50	747,464.50
12/01/2040	715,000	4.090%	29,243.50	744,243.50
	18,950,000		8,655,238.63	27,605,238.63

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

BOND DEBT SERVICE

Stanton Successor Agency
2016 D Taxable Bonds Allocable to 2011 B Refunding

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	430,000	1.120%	183,823.15	613,823.15
12/01/2018	510,000	1.370%	189,249.50	699,249.50
12/01/2019	515,000	1.580%	182,262.50	697,262.50
12/01/2020	525,000	1.810%	174,125.50	699,125.50
12/01/2021	530,000	2.010%	164,623.00	694,623.00
12/01/2022	545,000	2.230%	153,970.00	698,970.00
12/01/2023	555,000	2.430%	141,816.50	696,816.50
12/01/2024	570,000	2.560%	128,330.00	698,330.00
12/01/2025	580,000	2.710%	113,738.00	693,738.00
12/01/2026	600,000	2.810%	98,020.00	698,020.00
12/01/2027	615,000	2.960%	81,160.00	696,160.00
12/01/2028	635,000	3.110%	62,956.00	697,956.00
12/01/2029	650,000	3.210%	43,207.50	693,207.50
12/01/2030	675,000	3.310%	22,342.50	697,342.50
	7,935,000		1,739,624.15	9,674,624.15

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

SUMMARY OF BONDS REFUNDED

Stanton Successor Agency Tax Allocation Refunding Bonds, 2016 Series C and 2016 Series D

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Tax Allocation Bonds, 2010 Series A:					
SERIAL	12/01/2017	4.000%	310,000.00		
TERM	12/01/2040	5.000%	9,520,000.00	12/01/2020	100.000
			9,830,000.00		
Taxable Housing Tax Allocation Bonds, 2011 Series A:					
SERIAL	12/01/2017	6.500%	275,000.00		
	12/01/2018	6.750%	295,000.00		
	12/01/2019	7.000%	315,000.00		
	12/01/2020	7.250%	335,000.00		
	12/01/2021	7.500%	360,000.00		
TERM25	12/01/2025	8.500%	1,755,000.00	12/01/2021	100.000
TERM30	12/01/2030	9.000%	3,205,000.00	12/01/2021	100.000
TERM40	12/01/2040	9.000%	8,050,000.00	12/01/2021	100.000
			14,590,000.00		
Taxable Tax Allocation Bonds, 2011 Series B:					
SERIAL	12/01/2017	6.500%	330,000.00		
TERM21	12/01/2021	7.500%	2,395,000.00		
TERM25	12/01/2025	8.625%	3,250,000.00	12/01/2021	100.000
TERM30	12/01/2030	9.000%	5,945,000.00	12/01/2021	100.000
			11,920,000.00		
			36,340,000.00		

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

ESCROW REQUIREMENTS

Stanton Successor Agency 2016 C Tax-Exempt Bonds Allocable to 2010 Refunding

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2017		244,200.00		244,200.00
12/01/2017	310,000.00	244,200.00		554,200.00
06/01/2018		238,000.00		238,000.00
12/01/2018		238,000.00		238,000.00
06/01/2019		238,000.00		238,000.00
12/01/2019		238,000.00		238,000.00
06/01/2020		238,000.00		238,000.00
12/01/2020		238,000.00	9,520,000.00	9,758,000.00
	310,000.00	1,916,400.00	9,520,000.00	11,746,400.00

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

ESCROW REQUIREMENTS

Stanton Successor Agency
2016 D Taxable Bonds Allocable to 2011 A Refunding

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2017		636,625.00		636,625.00
12/01/2017	275,000.00	636,625.00		911,625.00
06/01/2018		627,687.50		627,687.50
12/01/2018	295,000.00	627,687.50		922,687.50
06/01/2019		617,731.25		617,731.25
12/01/2019	315,000.00	617,731.25		932,731.25
06/01/2020		606,706.25		606,706.25
12/01/2020	335,000.00	606,706.25		941,706.25
06/01/2021		594,562.50		594,562.50
12/01/2021	360,000.00	594,562.50	13,010,000.00	13,964,562.50
	1,580,000.00	6,166,625.00	13,010,000.00	20,756,625.00

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

ESCROW REQUIREMENTS

Stanton Successor Agency
2016 D Taxable Bonds Allocable to 2011 B Refunding

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2017		508,218.75		508,218.75
12/01/2017	330,000.00	508,218.75		838,218.75
06/01/2018		497,493.75		497,493.75
12/01/2018	535,000.00	497,493.75		1,032,493.75
06/01/2019		477,431.25		477,431.25
12/01/2019	575,000.00	477,431.25		1,052,431.25
06/01/2020		455,868.75		455,868.75
12/01/2020	620,000.00	455,868.75		1,075,868.75
06/01/2021		432,618.75		432,618.75
12/01/2021	665,000.00	432,618.75	9,195,000.00	10,292,618.75
	2,725,000.00	4,743,262.50	9,195,000.00	16,663,262.50

Notes:

Debt Service Savings Analysis for Successor Agency Board Report of September 13, 2016
Insured Interest Rates as of August 2016 Provided by Stifel Nicolaus

NEW ISSUE – BOOK-ENTRYRATINGS

INSURED BONDS RATING: S&P: “_”

UNINSURED BONDS AND UNDERLYING RATING: S&P: “_”

(See “CONCLUDING INFORMATION - Ratings on the Bonds” herein)

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series C Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the federal alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. Interest payable on the Series D Bonds is subject to all applicable Federal income taxation. Interest on the Series C Bonds and the Series D Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.

ORANGE COUNTYSTATE OF CALIFORNIA

**SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY
STANTON CONSOLIDATED REDEVELOPMENT PROJECT**

\$10,000,000***\$28,000,000***

**TAX ALLOCATION
REFUNDING PARITY BONDS,
2016 SERIES C**

**TAXABLE TAX ALLOCATION
REFUNDING PARITY BONDS,
2016 SERIES D**

Dated: Date of Delivery**Due:** December 1 as shown on the inside cover pages

The cover page contains certain information for quick reference only. It is not a summary of the issues. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Proceeds from the sale of the Successor Agency to the Stanton Redevelopment Agency (the “Successor Agency”) Stanton Consolidated Redevelopment Project Tax Allocation Refunding Parity Bonds, 2016 Series C (the “Series C Bonds”), and Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D (the “Series D Bonds,” and together with the Series C Bonds, the “Bonds”), will be used to refinance certain outstanding obligations of the former Stanton Redevelopment Agency (the “Former Agency”).

The Bonds will be issued under an Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a First Supplemental Indenture of Trust dated as of December 1, 2016, (as amended and supplemented, the “Indenture”) each by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Consolidated Project Area (the “Project Area”) and a pledge of amounts in certain funds and accounts established under the Indenture (see “SECURITY FOR THE BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2017, until maturity (see “THE BONDS - General Provisions” herein). The Bonds are subject to optional and sinking fund redemption prior to maturity.

The Bonds do not constitute a debt or liability of the City of Stanton, the County of Orange, the State of California or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Stanton, the County of Orange, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The scheduled payment of principal of and interest on the Series C Bonds maturing on December 1 of the years ____ through ____, inclusive, and the Series D Bonds maturing on December 1 of the years ____ through ____, inclusive, (collectively, the “Insured Bonds”), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____. See “MUNICIPAL BOND INSURANCE” and “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Best Best & Krieger, LLP, Riverside, California. Certain legal matters will also be passed on for the Successor Agency by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Best Best & Krieger, LLP, Riverside, California, as Successor Agency Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Nossaman LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2016 (see “APPENDIX F - THE BOOK-ENTRY SYSTEM” herein).

The date of the Official Statement is _____, 2016.

STIFEL

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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 under the securities laws of such jurisdiction.

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

STANTON CONSOLIDATED REDEVELOPMENT PROJECT

\$10,000,000* TAX ALLOCATION REFUNDING PARITY BONDS,

2016 SERIES C

MATURITY SCHEDULE

Maturity Date	Principal	Interest			CUSIP®†
<u>December 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>(85473T)</u>
2017					

\$ _____ % Term Bond maturing December 1, 2040, Yield __%, Price __% CUSIP®† ____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY
STANTON CONSOLIDATED REDEVELOPMENT PROJECT
\$28,000,000* TAXABLE TAX ALLOCATION REFUNDING PARITY BONDS,
2016 SERIES D

MATURITY SCHEDULE

Maturity Date	Principal	Interest			CUSIP®†
<u>December 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>(85473T)</u>
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					

\$ _____ % Term Bond maturing December 1, 2040, Yield __%, Price __% CUSIP®† ____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Successor Agency. All summaries of the Bonds, the Indenture and other documents, are made subject to the provisions of such documents 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. See "INTRODUCTION - Summary Not Definitive."

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.

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

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

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

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

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

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

CITY COUNCIL AND SUCCESSOR AGENCY GOVERNING BOARD

Brian Donahue, *Mayor*
Carol Warren, *Mayor Pro Tem*
Alexander A. Ethans, *Council Member*
Rigoberto A. Ramirez, *Council Member*
David J. Shawver, *Council Member*

CITY STAFF

James A. Box, *City Manager*
Stephen Parker, *Administrative Services Director/City Treasurer*
Kelly Hart, *Community Development Director*
Matthew Richardson, *City Attorney*
Patricia A. Vazquez, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Successor Agency Counsel

Best Best & Krieger LLP
Riverside, California

Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

Municipal Advisor

Harrell & Company Advisors, LLC
Orange, California

Trustee and Escrow Bank

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY STANTON CONSOLIDATED REDEVELOPMENT PROJECT

\$10,000,000*
TAX ALLOCATION
REFUNDING PARITY BONDS,
2016 SERIES C

\$28,000,000*
TAXABLE TAX ALLOCATION
REFUNDING PARITY BONDS,
2016 SERIES D

This Official Statement, which includes the cover page, inside cover pages and appendices (the “Official Statement”), is provided to furnish certain information concerning the sale of the Successor Agency to the Stanton Redevelopment Agency Stanton Consolidated Redevelopment Project Tax Allocation Refunding Parity Bonds, 2016 Series C (“Series C Bonds”) and Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D (“Series D Bonds,” and together with the Series C Bonds, the “Bonds”).

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

The Successor Agency and the Former Agency

The Stanton Redevelopment Agency (the “Former Agency”) was established in 1979 by the City Council (the “City Council”) of the City of Stanton (the “City”) pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “State”). 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 was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012 all redevelopment agencies in the State were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

* Preliminary, subject to change.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill No. 107 (“SB 107”) enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85 as amended by AB 1484 and SB 107 and as otherwise amended from time to time are referred to in this Official Statement as the “Dissolution Act.” The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the “Law.”

Pursuant to Section 34173 of the Dissolution Act, since the February 1, 2012 dissolution of the Former Agency, the City Council has served as the governing board of the Successor Agency to the Stanton Redevelopment Agency (the “Successor Agency”). The Successor Agency is governed by a five-member board consisting of the Mayor and the members of the City Council. The City Manager acts as the Successor Agency’s chief administrative officer (see “THE SUCCESSOR AGENCY” herein).

Section 34173(g) of the Dissolution Act 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 Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City (see “THE SUCCESSOR AGENCY” herein).

The City

The City was incorporated on June 4, 1956 as a general law city and operates under the council-manager form of government. The City encompasses 3.1 square miles and is located in central Orange County, approximately 23 miles southeast of Los Angeles and 9 miles northwest of Santa Ana. The City is in close proximity to four freeways: the Garden Grove Freeway (Highway 22) passes just south of the City; the San Gabriel River Freeway (Interstate 605) runs north and south to the west of the City; the Santa Ana Freeway (Interstate 5) runs in a northwest-southeast course to the east of the City; and the Artesia Freeway (Highway 91) runs east and west about two and a half miles north of the City. Nearby cities include Anaheim, Buena Park, Garden Grove, Cypress, and La Palma (see “APPENDIX B - CITY OF STANTON INFORMATION STATEMENT” herein).

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of 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 of the State (the “Refunding Law”), the Law and an Indenture of Trust dated as of February 1, 2016 as amended by a First Supplemental Indenture of Trust dated as of December 1, 2016 (as amended, the “Indenture”) by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The Series C Bonds are being issued to refinance a portion of the Former Agency’s outstanding Stanton Consolidated Redevelopment Project Tax Allocation Bonds, 2010 Series A (the “Refunded 2010 Bonds”).

The Series D Bonds are being issued to refinance the Former Agency’s outstanding Stanton Consolidated Redevelopment Project Taxable Housing Tax Allocation Bonds, 2011 Series A and Taxable Tax Allocation Bonds, 2011 Series B (collectively, the “2011 Bonds”).

The Refunded 2010 Bonds and the 2011 Bonds are sometimes collectively referred to herein as the “Prior Bonds.”

See “THE FINANCING PLAN” herein.

Following the issuance of the Bonds, \$12,525,000 of the Stanton Consolidated Redevelopment Project Tax Allocation Bonds, 2010 Series A (the “2010A Bonds”) will remain outstanding and payable from pledged Tax Revenues on a basis senior to the Bonds.

The unrefunded portion of the 2010A Bonds are sometimes referred to herein as “Senior Bonds.”

Collectively, the indentures of trust providing for the issuance of the Prior Bonds are referred to herein as the “Prior Trust Indentures” and the indenture of trust which relate to the Senior Bonds is referred to herein as the “Senior Bonds Indenture.” See “SECURITY FOR THE BONDS” and “FINANCIAL INFORMATION - Outstanding Indebtedness.”

Tax Allocation Financing Under the Dissolution Act

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 adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the Taxing Agencies, as defined herein, 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 pledged tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the “Redevelopment Property Tax Trust Fund” or “RPTTF”) 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 using current assessed values on the last equalized roll on August 20 each year. See “SECURITY FOR THE BONDS - Tax Allocation Financing” herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues, as defined herein, pledged to pay the Bonds consist of a portion 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 (see “Security for the Bonds” below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same 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, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (each a “Recognized Obligation Payment Schedule”) (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” and “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules”).

The Project Area

The Consolidated Redevelopment Project Area of the Former Agency (the “Project Area”) is comprised of two component redevelopment projects totaling approximately 1,940 acres. The Stanton Community Development Project (“Original Area”) was created in 1983 and originally consisted of approximately 180 acres generally fronting on the Beach Boulevard commercial corridor. Amendment No. 1 to the Original Area (“Amendment No. 1 Area”) was adopted in 1987 and added 83 acres to the Original Area. Amendment No. 2 to the Original Area (“Amendment No. 2 Area”) was adopted in 1992 and added an

additional 164 acres to the Original Area. Together, the Original Area, the Amendment No. 1 Area and the Amendment No. 2 Area are referred to herein as the “Community Development Project.” The Stanton 2000 Redevelopment Project (the “2000 Project”) was created in 2000 and consists of 1,513 acres, or approximately 77 percent of the total area of the City. The Community Development Project and the 2000 Project were merged to form the Project Area in November 2004. The Project Area encompasses the entire incorporated City with the exception of a 20-acre residential area located west of Knott Avenue.

See “THE PROJECT AREA” herein for additional information on the Project Area and “THE SUCCESSOR AGENCY” herein for additional information on the Redevelopment Plan.

Security for the Bonds

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues on a parity with the Successor Agency’s previously issued Stanton Consolidated Redevelopment Project \$7,115,000 Subordinate Tax Allocation Refunding Bonds, 2016 Series A (The “2016 Series A Bonds”) and \$13,220,000 Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B (the “2016 Series B Bonds,” and together with the 2016 Series A Bonds, the “Parity Bonds”). “Pledged Tax Revenues” are defined under the Indenture as all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law but excluding (i) amounts of such taxes required to be paid by the Successor Agency pursuant to its Tax Sharing Agreements or pursuant to Section 33607.5 or 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, the Parity Bonds, any additional Parity Debt, as applicable, and (ii) principal of and interest due on the Senior Bonds outstanding.

By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code. See “FINANCIAL INFORMATION - Property Taxation in California” and “Tax Sharing Agreements and Tax Sharing Statutes” herein.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of the Project Area, 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, as defined herein, 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. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency’s Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules” herein.

The Successor Agency may issue additional bonds payable on a basis senior to the Bonds (“Additional Senior Bonds”) to refinance the Senior Bonds or payable from Pledged Tax Revenues on a parity with the Bonds (“Parity Debt”) to refinance the Bonds or the Senior Bonds. See “SECURITY FOR THE BONDS - No Additional Debt Other Than Refunding Bonds” herein.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County of Orange (the “County”), the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Municipal Bond Insurance and Reserve Account Surety Policy

Concurrently with the issuance of the Bonds, _____ (“____”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series C Bonds maturing December 1 in the years _____ through and including _____ and the Series D Bonds maturing December 1, _____ through and including _____ (collectively, the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” The Policy does not insure the payment of the Series C Bonds maturing on December 1, in the years _____ through and including _____ or the Series D Bonds maturing on December 1, in the years _____ through and including _____ (the “Uninsured Bonds”).

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account has been established by the Indenture. The Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by ____M in an amount equal to the Reserve Requirement as defined in the Indenture. The Reserve Policy secures only the Bonds, does not secure the Parity Bonds, and would not secure the Senior Bonds or any future Parity Debt. See “SECURITY FOR THE BONDS - Reserve Account - Qualified Reserve Account Credit Instruments.”

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Best Best & Krieger, LLP Riverside, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading “LEGAL MATTERS” herein. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP, as Disclosure Counsel, by Best Best & Krieger, LLP Riverside, California, as General Counsel to the Successor Agency, and for the Underwriter by their Counsel, Nossaman LLP, Irvine, California.

Professional Services

U.S. Bank National Association will act as Trustee for the Bonds.

Harrell & Company Advisors, LLC, Orange, California (the “Municipal Advisor”) advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds and assisted the Successor Agency with the preparation of this Official Statement and prepared the projection of Pledged Tax Revenues contained herein.

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter’s Counsel and the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the First Supplemental Indenture of Trust, as authorized by Resolution No. SA _____ of the Successor Agency adopted on _____, 2016, the Refunding Law and the Law. The Successor Agency to the Stanton Redevelopment Agency Oversight Board (the “Oversight Board”) approved the action taken by the Successor Agency to refinance the Prior Bonds on _____, 2016. The State Department of Finance approved the Oversight Board action by letter dated _____, 2016.

Offering and Delivery of the Bonds. The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Best Best & Krieger, LLP Riverside, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2016.

Summary Not Definitive

The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 7800 Katella Avenue, Stanton, California 90680.

THE BONDS

General Provisions

Repayment of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and will be dated as of the date of delivery (the “Closing Date”). Interest on the Bonds is payable at the rates per annum set forth on the inside cover pages hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on each June 1 and December 1, commencing June 1, 2017 (each an “Interest Payment Date”). The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the 15th calendar day of the month preceding an Interest Payment Date (a “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before May 15, 2017, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry System. The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The 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. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see “APPENDIX F - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Transfer or Exchange of Bonds. So long as the Bonds are in the book-entry system of DTC as described above, the rules of DTC will apply for the transfer and exchange of Bonds.

Redemption

Optional Redemption. The Bonds of either series maturing on or before December 1, 2026 are not subject to redemption prior to their respective stated maturities. The Bonds of either series maturing on or after December 1, 2027 may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on December 1, 2026 or on any date thereafter. Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption of Series C Term Bonds. The Series C Bonds maturing on December 1, 2040 (the "Series C Term Bonds") are subject to redemption in part by lot, on December 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of the Series C Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series C Term Bonds shall be reduced by the aggregate principal amount of such Series C Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

SINKING FUND SCHEDULE FOR SERIES C TERM BONDS MATURING DECEMBER 1, ____

Sinking Fund
Redemption Date
(December 1)

Principal Amount
To Be Redeemed

(maturity)

In lieu of redemption of the Series C Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Series C Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series C Term Bonds so purchased by the Successor Agency in any twelve-month period ending on October 15 in any year shall be credited towards and shall reduce the par amount of such Series C Term Bonds required to be redeemed on the next succeeding December 1.

Mandatory Sinking Fund Redemption of Series D Term Bonds. The Series D Bonds maturing on December 1, ____ and December 1, ____ (collectively, the "Series D Term Bonds") are subject to redemption in part by lot, on December 1 in each of the years as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of the Series D Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series D Term Bonds shall be reduced by the aggregate principal amount of such Series D Term

Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

**SINKING FUND SCHEDULE FOR
SERIES D TERM BONDS MATURING DECEMBER 1, ____**

Sinking Fund Redemption Date <u>(December 1)</u>	Principal Amount To Be Redeemed
---	--

(maturity)

**SINKING FUND SCHEDULE FOR
SERIES D TERM BONDS MATURING DECEMBER 1, ____**

Sinking Fund Redemption Date <u>(December 1)</u>	Principal Amount To Be Redeemed
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(maturity)

In lieu of redemption of the Series D Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Series D Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series D Term Bonds so purchased by the Successor Agency in any twelve-month period ending on October 15 in any year shall be credited towards and shall reduce the par amount of such Series D Term Bonds required to be redeemed on the next succeeding December 1.

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 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); provided, however, that 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, if applicable, designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

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

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal 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.

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

Scheduled Debt Service on the Bonds

The following is the scheduled semi-annual and annual Debt Service on the Series C Bonds (assuming no early redemption).

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
June 1, 2017				
December 1, 2017				
June 1, 2018				
December 1, 2018				
June 1, 2019				
December 1, 2019				
June 1, 2020				
December 1, 2020				
June 1, 2021				
December 1, 2021				
June 1, 2022				
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June 1, 2034				
December 1, 2034				
June 1, 2035				
December 1, 2035				
June 1, 2036				
December 1, 2036				
June 1, 2037				
December 1, 2037				
June 1, 2038				
December 1, 2038				
June 1, 2039				
December 1, 2039				
June 1, 2040				
December 1, 2040				

The following is the scheduled semi-annual and annual Debt Service on the Series D Bonds (assuming no early redemption).

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
June 1, 2017				
December 1, 2017				
June 1, 2018				
December 1, 2018				
June 1, 2019				
December 1, 2019				
June 1, 2020				
December 1, 2020				
June 1, 2021				
December 1, 2021				
June 1, 2022				
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June 1, 2036				
December 1, 2036				
June 1, 2037				
December 1, 2037				
June 1, 2038				
December 1, 2038				
June 1, 2039				
December 1, 2039				
June 1, 2040				
December 1, 2040				

THE FINANCING PLAN

The Refunding Plan

Redemption of Prior Bonds. On the Closing Date, a portion of the proceeds will be transferred to the Trustee as escrow bank (“Escrow Bank”) for deposit pursuant to separate Escrow Agreements for each series of the Prior Bonds, each dated as of December 1, 2016 (the “Escrow Agreements”) between the Successor Agency and the Escrow Bank.

The amount deposited under the Escrow Agreements, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the Prior Bonds as follows:

- to the payment of the principal and interest on the Refunded 2010 Bonds when due through and including December 1, 2020 and to pay the redemption in full on December 1, 2020 of the outstanding Refunded 2010 Bonds, at a redemption price equal to 100% of the principal amount of the Refunded 2010 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.
- to the payment of the principal and interest on the 2011 Bonds when due through and including December 1, 2021 and to pay the redemption in full on December 1, 2021 of the outstanding 2011 Bonds, at a redemption price equal to 100% of the principal amount of the 2011 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Amounts so deposited under the Escrow Agreements will be pledged to the payment of principal and interest on the Prior Bonds and to the redemption price of the Prior Bonds on the respective redemption dates and the sufficiency of the amounts deposited in the under the Escrow Agreements for such purpose will be verified by the Verification Agent as described below. The lien of the Prior Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreements.

Neither the funds deposited in the redemption account for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Verifications of Mathematical Computations. Grant Thornton LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash listed in the schedules prepared by the Municipal Advisor, to be held in the Redemption Funds, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the Prior Bonds, and (2) the computation of yield on the Series C Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Series C Bonds is exempt from federal taxation.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

	<u>Series C Bonds</u>	<u>Series D Bonds</u>
<u>Sources of Funds</u>		
Par Amount of Bonds		
Net Original Issue Premium/(Original Issue Discount)		
Funds Held for the Prior Bonds		
Total Source of Funds		
<u>Uses of Funds</u>		
Transfer to Escrow Bank		
Underwriter's Discount		
Costs of Issuance Fund ⁽¹⁾		
Total Use of Funds		

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- ⁽¹⁾ Costs of issuance include fees and expenses of Bond Counsel, the Municipal Advisor, Disclosure Counsel, Verification Agent, Trustee and Escrow Bank, costs of printing the Official Statement, rating fee, premiums for the Policy and the Reserve Policy and other costs of issuance of the Bonds.

SECURITY FOR THE BONDS

Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the Taxing Agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now 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 using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its Recognized Obligation Retirement Fund (the "Recognized Obligation Retirement Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" herein).

The Dissolution Act authorizes refunding bonds, including the 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, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and payments made under Sections 33401, 33676, 33607.5 and 33607.7 (among others) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

Tax Revenues

As provided in the Redevelopment Plan for the Project Area and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the ordinance approving the Redevelopment Plan, will 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 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 to the Redevelopment Plan that added territory, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective Taxing Agencies as taxes by or for the Taxing Agencies on all other property are paid; and

- (b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a Taxing Agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of and the interest on, any bonded indebtedness approved by the voters of the Taxing Agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that Taxing Agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Redevelopment Plan limit, when collected will be paid into a special fund of the Former Agency/Successor Agency.

Section 34183 of the Dissolution Act effectively eliminated the January 1, 1989 date from the paragraph above. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Further, also effective September 22, 2015, Redevelopment Plan limits relating to the amount of taxes that could be paid to the Former Agency/Successor Agency and the time that such taxes could be paid was eliminated for the purpose of paying debt service on bonds of the Former Agency or the Successor Agency.

Tax increment revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

Pledged Tax Revenues. For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues. Pledged Tax Revenues are defined under the Indenture as all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law but excluding (i) amounts of such taxes required to be paid by the Successor Agency pursuant to its Tax Sharing Agreements or pursuant to Section 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, any additional Parity Debt, as applicable, and (ii) principal of and interest due on the Senior Bonds outstanding. By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” herein.

Certain Pledged Tax Revenues are released from the lien of the Bonds each January 2 upon certain conditions. See “Pledge of Tax Revenues” below.

Redevelopment Property Tax Trust Fund

Deposits to the Redevelopment Property Tax Trust Fund. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Disbursements from the Redevelopment Property Tax Trust Fund. The Redevelopment Law authorized redevelopment agencies to make payments to Taxing Agencies to alleviate any financial burden or detriments to such Taxing Agencies caused by a redevelopment project. Section 33676 further

provided that Taxing Agencies could adopt a resolution requiring payment of certain tax increment revenues generated by inflationary increases in assessed value. The Former Agency entered into a number of agreements with the Taxing Agencies for this purpose and in some cases, Taxing Agencies adopted resolutions pursuant to Section 33676 (collectively, the "Pass-Through Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after June 1, 1994 or amended after January 1, 1994 in a manner specified in such section (the "Statutory Tax Sharing"). Because the Redevelopment Plan for the Commercial Development Project was amended after June 1, 1994, and the Redevelopment Plan 2000 Project was adopted after June 1, 1994, the Successor Agency is obligated to make Statutory Tax Sharing payments. See "FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes" herein.

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

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

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

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

The Dissolution Act provides for a procedure by which the Successor Agency may make statutory pass-through payments subordinate to the Bonds. The Successor Agency has not undertaken any procedures to obtain such subordination of the Statutory Tax Sharing payments and, therefore, Statutory Tax Sharing payments are senior to the Bonds, the Parity Bonds, as well as the Senior Bonds, as described below. The Successor Agency's Tax Sharing Agreement with certain County taxing entities is subordinate to the Bonds, the Parity Bonds, as well as the Senior Bonds, by its terms. However, the Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the Pledged Tax Revenues and the subordinations provided in the Tax Sharing Agreements will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Bonds and the Parity Bonds when due. See the captions "FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes" and "RISK FACTORS - Recognized Obligation Payment Schedule."

Recognized Obligation Payment Schedules

Enforceable Obligations. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance 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. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, 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 and from the city. 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 six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

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 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). Other than amounts deposited in the Redevelopment Property Tax Trust Fund allocable to the Project Area and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that 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.

Required Approvals. As provided in SB 107, the Recognized Obligation Payment Schedule, with respect to each Fiscal Year, and segregated into each six-month period beginning July 1 and January 1, must be submitted by the Successor Agency, after approval by the Oversight Board, the County Auditor-Controller, the State Department of Finance, and the State Controller by each February 1. For information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see “RISK FACTORS - Recognized Obligation Payment Schedule.”

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule. If approved by the Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the Department of Finance or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the Department of Finance and the County Auditor-Controller. The Successor Agency may not file a Last and Final Recognized Obligation Payment Schedule and has covenanted in the Indenture to not do so without the consent of the insurer of the Parity Bonds.

Determination of Available Funding. In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed, and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than April 1 and October 1 of each year, as applicable.

If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, 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 payment of pass-through obligations, for the Successor Agency’s enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Successor Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under “Redevelopment Property Tax Trust Fund” above.

Debt Service. In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Dissolution Act, including taking all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each Fiscal Year so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor

Agency to pay timely principal of, and interest on, the Bonds, the Parity Bonds, the Senior Bonds and any outstanding Parity Debt coming due in such Bond Year, including any amounts due and owing to the bond insurer of the Parity Bonds in respect of the 2016 Reserve Policy for the Parity Bonds or to the Bond Insurer of the Parity Bonds in respect of the Reserve Policy, or required to replenish the Reserve Account, and the respective reserve accounts established for the Senior Bonds or Parity Bonds.

Pursuant to the Indenture, without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2017, in accordance with Section 34177(0) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

- (a) 100% of the amount of principal of and interest on the Senior Bonds coming due and payable on the next succeeding June 1 and December 1,
- (b) 100% of the amount of interest on the Bonds, the Parity Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding June 1,
- (c) 50% of the amount of principal on the Bonds, the Parity Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding December 1,
- (d) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account and to replenish the amount in any reserve account established for outstanding Senior Bonds or Parity Debt; and
- (e) any amount then required to make payments due to the Bond Insurer in respect of the Policy or the Reserve Policy and the bond insurer for the Parity Bonds in respect of the 2016 Policy or 2016 Reserve Policy.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

- (a) 100% of the interest due on the Bonds, the Parity Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding December 1,
- (b) the remaining principal due on the Bonds, the Parity Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding December 1, to the extent not received or reserved in the period ending June 30; and
- (c) reserves and amounts due to any bond insurer as described under (d) and (e) above.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds, the Parity Bonds, the Senior Bonds, and any outstanding Parity Debt coming due in the succeeding Fiscal Year. See "Recognized Obligation Payment Schedules" above and "RISK FACTORS - Recognized Obligation Payment Schedule."

Further, in the event that the Agency defeases any Senior Bonds with funds on hand, or refinances any Senior Bonds with Additional Senior Bonds (see "No Additional Debt Other Than Refunding Bonds" below), the amount of any annual debt service savings as a result of such defeasance or refunding will be required to be requested in the Recognized Obligation Payment Schedule period beginning January 2 of

each year to be used for debt service on the Bonds payable on June 1, and then to be reserved for the December 1 debt service on the Bonds payable on the next December 1.

The Successor Agency further agrees (a) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Bond Insurer either with respect to the Bond Insurance Policy or the Reserve Policy or the bond insurer for the Parity Bonds in respect of the 2016 Policy or the 2016 Reserve Policy are not included on such Recognized Obligation Payment Schedule filing, and (b) not to submit a Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of any bond insurer insuring the Bonds or the Parity Bonds.

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 six-month period (or otherwise) to pay the principal of and interest on the Bonds. See “RISK FACTORS.”

Pledge of Tax Revenues

The Bonds, the Parity Bonds and all Parity Debt, are secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds and the Parity Bonds on June 1 of such year, but including all Pledged Tax Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the December 1 payment of principal on the Bonds and the Parity Bonds in such Bond Year; provided, however, that so long as any Senior Bonds remain outstanding, the Successor Agency shall first deposit amounts deposited in the Redevelopment Obligation Retirement Fund as required pursuant to the Senior Bonds Indenture. In addition, the Bonds, the Parity Bonds and any other Parity Debt (to the extent provided in the applicable Parity Debt Instrument), shall be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account attributable to the Bonds. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

There has been established a special trust fund known as the “Redevelopment Obligation Retirement Fund,” which is held by the Successor Agency pursuant to Section 34170.5(b) of the Law. The Indenture establishes a special trust fund known as the “Debt Service Fund” and the accounts therein referred to below are held by the Trustee. The Successor Agency shall deposit all of the funds received in any Bond Year from the Redevelopment Property Tax Trust Fund for the purpose of paying debt service on any outstanding Senior Bonds, the Bonds, the Parity Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee in the following priority: (1) for deposit in the Debt Service Fund established under the Senior Bonds Indenture and for any payment of amounts required thereunder, (2) for deposit in the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds and the Parity Bonds on June 1 of such year, but including all Pledged Tax Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the December 1 principal on the Bonds and the Parity Bonds payable in such Bond Year, and (3) for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues (available after payment of debt service on the Senior Bonds) is not sufficient to pay the Bonds, the Parity Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Bonds, the Parity Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

The Pledged Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Pledged Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The State Legislature has amended the Dissolution Act several times. The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Pledged Tax Revenues in accordance with the Indenture and will effectively result in adequate Pledged Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The Successor Agency must maintain a balance in the Reserve Account equal to the least of (i) 10% of the original par amount of the Bonds, (ii) Maximum Annual Debt Service with respect to the Bonds, or (iii) 125% of average Annual Debt Service on the Bonds; provided further that the Reserve Requirement with respect to the Series C Bonds and the Series D Bonds will be calculated on a combined basis (the "Reserve Requirement"). If the Successor Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds of that series when due on any date, the Trustee will withdraw from the Reserve Account, the difference between the amount required to be on deposit and the amount available on such date.

The Reserve Account established for the Bonds secures only the Bonds, and will not secure the Senior Bonds, the Parity Bonds or any other series of Parity Debt that may be issued under the Indenture (see "No Additional Debt Other Than Refunding Bonds" below).

The Indenture provides that in lieu of a cash deposit, the Successor Agency may satisfy all or a portion of the Reserve Requirement by means of a Qualified Reserve Account Credit Instrument (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein).

The Senior Bonds reserve account will be funded in the amount of \$1,134,906.26 following the issuance of the Bonds and the defeasance of the Refunded 2010 Bonds. Such amounts are not available to pay debt service on the Bonds or the Parity Bonds.

Qualified Reserve Account Credit Instrument

The Successor Agency deposited a Qualified Reserve Account Credit Instrument in the face amount of \$_____ to the reserve account established for the Parity Bonds (the “2016 Reserve Policy”). The 2016 Reserve Policy is not available to pay debt service on the Bonds.

Concurrently with the issuance of the Bonds, ___M will issue the Reserve Policy for the Bonds. The Reserve Policy constitutes a Qualified Reserve Account Credit Instrument under the Indenture and is being issued in the amount of the Reserve Requirement. ___ is also issuing a municipal bond insurance policy for the Insured Bonds, but is not providing municipal bond insurance for the Uninsured Bonds. Information regarding ___ is discussed herein under “MUNICIPAL BOND INSURANCE - _____.”

WHILE ___ HAS NOT ISSUED A POLICY INSURING OR GUARANTEEING THE PRINCIPAL OF AND/OR INTEREST ON THE UNINSURED BONDS, ___ HAS ISSUED THE RESERVE POLICY FOR THE BENEFIT OF ALL OF THE BONDS.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation’s bond insurance companies. Deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. If circumstances should ever cause the Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Pledged Tax Revenues sufficient to maintain the amount in such Reserve Account at such Reserve Requirement. Should the amount of Pledged Tax Revenues then available to maintain such Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Pledged Tax Revenues to the Trustee would continue.

No Additional Debt Other Than Refunding Bonds

So long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds, provided that the Successor Agency (a) may issue and sell refunding bonds payable from Pledged Tax Revenues on a basis senior to the Outstanding Bonds (“Additional Senior Bonds”) or as Parity Debt payable from Pledged Tax Revenues on a parity with Outstanding Bonds to refund a portion of the Senior Bonds, and (b) may issue and sell refunding bonds as Parity Debt payable from Pledged Tax Revenues on a parity with Outstanding Bonds to refund a portion of the Outstanding Bonds and/or any Parity Debt provided further that, with respect to any such refunding (i) annual debt service on such Additional Senior Bonds or Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every Bond Year the obligations would otherwise be outstanding, and (ii) the final maturity of any such Additional Senior Bonds or Parity Debt, as applicable, does not exceed the final maturity of the obligations being refunded.

MUNICIPAL BOND INSURANCE

[to be completed]

THE SUCCESSOR AGENCY

Government Organization

The Former Agency was established by the City Council in 1979 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved 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, since the February 1, 2012 dissolution of the Former Agency, the Successor Agency is governed by a five-member board which consists of the Mayor and the members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

Section 34173(g) 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 Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City.

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's chief administrative officer, the City Clerk serves as the Successor Agency secretary and the City Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Successor Agency Powers

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

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected Taxing Agencies within project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On August 15, 2013, the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan (a “Long Range Property Management Plan”) detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The State Department of Finance approved the Successor Agency’s Long Range Property Management Plan on October 3, 2014.

Redevelopment Plan

The Stanton Community Development Project was originally formed by the adoption of Ordinance No. 582 on December 13, 1983 (the “Original Area”) and was expanded twice by amendments approved by Ordinance 653 adopted on July 14, 1987 (“Amendment No. 1 Area”) and by Ordinance No. 773 adopted on July 13, 1992 (“Amendment No. 2 Area”). The Stanton 2000 Redevelopment Project (the “2000 Project”) was created by Ordinance No. 831 on July 7, 2000. The two areas were merged to form the Project Area in November 2004.

Plan Limitations

In accordance with the Redevelopment Law, redevelopment plans were required to include certain limits on the financing of redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit to incur debt, a time limit on the receipt of Tax Increment Revenues and the repayment of debt, and a limit on the amount of bonded indebtedness outstanding at any time. SB 107 clarifies that the former tax increment limits in redevelopment plans no longer apply for purposes of paying approved enforceable obligations such as the Bonds, the Parity Bonds and the Senior Bonds.

THE PROJECT AREA

Description of the Project Area

As described herein, the Project Area is comprised of two merged component redevelopment projects totaling 1,940 acres and encompasses the entire incorporated City with the exception of a 20-acre residential area located west of Knott Avenue. The components of the Stanton Community Development Project Area are further segregated into the Original Area, Amendment No. 1 Area and Amendment No. 2 Area.

Assessed Valuations and Tax Revenues

Total assessed value of the Project Area, together with assessed values of the constituent areas comprising the Project Area between fiscal years 2012/13 and 2016/17 are shown in the tables below.

Approximately 70% of the 2016/17 assessed value is derived from residential land uses and another 24% is derived from commercial and industrial land uses. The remaining assessed value is derived from vacant land, possessory interests or unsecured property.

TABLE NO. 1
STANTON CONSOLIDATED PROJECT AREA
BASE YEAR AND HISTORICAL ASSESSED VALUATIONS BY COMPONENT PROJECT
201/13 through 2016/17

	<u>Base Year</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Community Development:						
Original Area	\$ 32,101,574	\$ 303,122,796	\$ 305,236,128	\$ 325,364,213	\$ 336,812,483	\$ 359,349,369
Amendment No. 1	29,642,782	93,651,150	91,704,290	96,860,057	105,142,100	113,129,024
Amendment No. 2	80,021,073	168,006,975	174,065,546	185,261,331	199,117,196	205,541,497
2000 Project	<u>789,986,182</u>	<u>1,483,521,080</u>	<u>1,540,701,018</u>	<u>1,655,348,924</u>	<u>1,750,512,777</u>	<u>1,843,317,853</u>
Total	\$931,718,465	\$2,048,302,001	\$2,111,706,982	\$2,262,834,525	\$2,391,584,556	\$2,521,337,743

Source: Orange County Auditor-Controller.

TABLE NO. 2
STANTON COMMUNITY DEVELOPMENT PROJECT
ORIGINAL AREA
HISTORICAL ASSESSED VALUATIONS
2012/13 through 2016/17

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Secured	\$285,419,332	\$288,713,203	\$304,708,036	\$318,648,320	\$340,661,910
Unsecured	<u>17,703,464</u>	<u>16,522,925</u>	<u>20,656,177</u>	<u>18,164,163</u>	<u>18,687,459</u>
Total	\$303,122,796	\$305,236,128	\$325,364,213	\$336,812,483	\$359,349,369

Source: Orange County Auditor-Controller.

TABLE NO. 3
STANTON COMMUNITY DEVELOPMENT PROJECT
AMENDMENT NO. 1 AREA
HISTORICAL ASSESSED VALUATIONS
2012/13 through 2016/17

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Secured	\$84,651,823	\$83,300,286	\$85,932,682	\$ 96,015,387	\$101,153,228
Unsecured	<u>8,999,327</u>	<u>8,404,004</u>	<u>10,927,375</u>	<u>9,126,713</u>	<u>11,975,796</u>
Total	\$93,651,150	\$91,704,290	\$96,860,057	\$105,142,100	\$113,129,024

Source: Orange County Auditor-Controller.

TABLE NO. 4
STANTON COMMUNITY DEVELOPMENT PROJECT
AMENDMENT NO. 2 AREA
HISTORICAL ASSESSED VALUATIONS
2012/13 through 2016/17

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Secured	\$151,344,021	\$156,454,885	\$165,844,814	\$173,579,380	\$180,591,906
Unsecured	<u>16,662,954</u>	<u>17,610,661</u>	<u>19,416,517</u>	<u>25,537,816</u>	<u>24,949,591</u>
Total	\$168,006,975	\$174,065,546	\$185,261,331	\$199,117,196	\$205,541,497

Source: Orange County Auditor-Controller.

TABLE NO. 5
STANTON 2000 REDEVELOPMENT PROJECT
HISTORICAL ASSESSED VALUATIONS
2012/13 through 2016/17

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Secured	\$1,454,017,339	\$1,511,019,765	\$1,622,657,784	\$1,721,285,599	\$1,809,444,705
Unsecured	<u>29,503,741</u>	<u>29,681,253</u>	<u>32,691,140</u>	<u>29,227,178</u>	<u>33,873,148</u>
Total	\$1,483,521,080	\$1,540,701,018	\$1,655,348,924	\$1,750,512,777	\$1,843,317,853

Source: Orange County Auditor-Controller.

Actual Tax Increment Revenues paid to the Former Agency or available to the Successor Agency from the Project Area are shown below.

TABLE NO. 6
HISTORICAL TAX REVENUES

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Incremental Increase	\$1,104,131,338	\$1,115,862,309	\$1,180,011,869	\$1,331,116,060	\$1,459,866,091
Tax Rate	<u>1.0000%</u>	<u>1.0000%</u>	<u>1.0000%</u>	<u>1.0000%</u>	<u>1.000%</u>
Tax Increment Revenues	11,041,313	11,158,623	11,800,119	13,311,161	14,598,661
Unitary Revenues	<u>42,610</u>	<u>42,370</u>	<u>48,461</u>	<u>47,417</u>	<u>62,598</u>
Total Tax Revenues	\$ 11,083,923	\$ 11,200,993	\$ 11,848,580	\$ 13,358,578	\$ 14,661,259
Tax Revenues Collected ⁽¹⁾	\$ 11,096,628	\$ 11,145,963	\$ 12,138,407	\$ 13,937,972	\$ 15,135,059
Gross RPTTF Deposits ⁽²⁾	\$ 10,595,455	\$ 11,182,395	\$ 11,892,457	\$ 13,823,019	\$ 15,243,915

(1) Taxes collected from September through the following August each year. Before deduction for County Auditor-Controller administrative costs or Tax Sharing. Includes supplemental taxes, penalties, interest, prior years' delinquent collections, net of refunds.

(2) See Table No. 7.

Source: Orange County Auditor-Controller.

TABLE NO. 7
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
January RPTTF Deposit	\$6,108,509 ⁽¹⁾	\$6,124,161	\$6,636,751	\$ 7,662,853	\$ 8,638,829
June RPTTF Deposit	<u>4,486,946</u>	<u>5,058,234</u>	<u>5,255,706</u>	<u>6,160,166</u>	<u>6,605,086</u>
Gross RPTTF Deposits	10,595,455	11,182,395	11,892,457	13,823,019	15,243,915
County Administrative Fees	(115,568)	(139,227)	(116,565)	(144,305)	(130,718)
Tax Sharing ⁽²⁾	<u>(2,259,168)</u>	<u>(2,244,583)</u>	<u>(2,498,327)</u>	<u>(3,097,715)</u>	<u>(3,635,392)</u>
RPTTF Available	<u>\$8,220,719</u>	<u>\$8,798,585</u>	<u>\$9,277,565</u>	<u>\$10,580,999</u>	<u>\$11,477,805</u>

(1) Represents Tax Increment Revenues received in Fiscal Year 2011/12 prior to dissolution.

(2) Includes County Tax Sharing Agreement, which is subordinate to the Bonds, the Parity Bonds and the Senior Bonds, but withheld by Auditor-Controller prior to distribution of RPTTF.

Source: Orange County Auditor-Controller.

The estimated gross Tax Increment Revenues for 2016/17, based on the 2016/17 assessed value, are as follows:

Gross Assessed Value	\$2,521,337,743
Base Year Value	<u>(931,718,465)</u>
Incremental Value	\$1,589,619,278
Tax Rate	<u>1.0000%</u>
Tax Increment Revenue	\$ 15,896,193
Unitary Revenue	<u>62,600</u>
Total Tax Revenue	<u>\$ 15,958,793</u>

Major Taxpayers

The ten largest property taxpayers represent ____% of the 2016/17 assessed value of the Project Area.

**TABLE NO. 8
TEN LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value</u>	<u>Land Use</u>
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Total

⁽¹⁾ Appeal pending for current and/or prior years. See "Assessment Appeals" below.

Source: Successor Agency.

Assessment Appeals

As of July 2016, there were a total 73 pending appeals filed in the last 4 years by property owners in the Project Area as shown below. The total value of property under appeal for all years is \$49.4 million. Some appeals have been filed for multiple years for the same property. A summary of all pending appeals is shown below.

<u>Tax Year</u>	<u>Pending Appeals</u>	<u>Value of Property Under Appeal</u>	<u>% of Tax Roll</u>
2012/13	32	\$ 8,206,638	0.4%
2013/14	10	7,284,917	0.3%
2014/15	8	6,889,715	0.3%
2015/16	<u>23</u>	<u>27,065,760</u>	1.1%
	73	49,447,030	

Source: Successor Agency.

There are no appeals pending for any of the largest property owners included in “TABLE NO. 8 - TEN LARGEST TAXPAYERS.”

For Fiscal Years 2012/13 to 2015/16, 65 of 118 (55%) of resolved appeals were successful, with an average reduction in assessed value of 16%.

While the Successor Agency expects some decline in total assessed valuation as a result of pending or potential future appeals, no prediction can be made as to the amount of the decline in total assessed valuation, if any, within the Project Area. However, if 55% of appeals are granted at the average rate of 16%, such reduction would reduce total 2016/17 assessed value by \$4.3 million (0.2% of assessed value) and net Available Tax Revenues by approximately \$30,000 (0.2% of 2016/17 Available Tax Revenues). No reduction for pending appeals has been incorporated in the projections. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have also not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution (www.dof.ca.gov/redevelopment) under the category of “Common RDA Dissolution Questions and Answers,” interpreting Section 34177(n) of the Law concerning certain successor agency postaudit obligations. The State Department of Finance’s website is not in any way incorporated into this Official Statement, and the Successor Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.

The Successor Agency’s financial statements for the Fiscal Year ended June 30, 2015, attached hereto as “APPENDIX C” have been audited by White Nelson Diehl Evans LLP, Certified Public Accountants and Consultants, Irvine, California.

The Successor Agency’s audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. *White Nelson Diehl Evans LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. White Nelson Diehl Evans LLP also has not performed any procedures relating to this Official Statement.*

Property Taxation in California

Manner in Which Property Valuations and Assessments are Determined (Article XIII A). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value,’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that

property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the State Constitution, redevelopment agencies were prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions and SB 107 further states that pre-1989 tax override rates are no longer distributed to successor agencies except in limited circumstances (see “SECURITY FOR THE BONDS - Tax Revenues,” “Property Tax Rate” below and “RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate”).

In the general election held November 4, 1986, voters in the State approved two measures, Propositions 58 and 60, which further amend the terms “purchase” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, to 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. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence’s assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, 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 based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the recent recession, the County made significant blanket assessed value reductions throughout the County pursuant to Proposition 8 from the maximum amount that could be assessed on property. As a result, the Former Agency saw a reduction in property values of approximately 6% between 2008/09 and 2011/12, which the Successor Agency attributes to Proposition 8 reductions. Given the 3% increase in assessed value in 2013/14 and the 7% increase in assessed value in 2014/15, as well as subsequent years’ increases, the Successor Agency expects that most of any Proposition 8 reductions have likely been recovered.

Unsecured and Secured Property. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” 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, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Orange County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. 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 for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) 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; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain Taxing Agencies within such county.

Property Tax Rate. The difference between the \$1.00 general tax levy provided under Article XIII A tax rate and those actually levied (referred to as the “tax override rate”) represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Except in limited circumstances, Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by the Municipal Advisor by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values without regard to possible surviving overrides.

Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. 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 property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2015/16, the County administrative fees charged to the Project Area including administration of the Redevelopment Property Tax Trust Fund were \$130,718. In total, the fees represent approximately 0.9% of gross tax increment revenues.

Tax Sharing Agreements and Tax Sharing Statutes

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any Taxing Agency that has territory located within a Project Area to alleviate any financial burden or detriment caused by the Project Area. These agreements are commonly referred to as “tax sharing agreements” or “pass-through agreements.”

In addition, pursuant to former Section 33676 of the Redevelopment Law, any affected taxing agency that had not entered into a tax sharing agreement with the redevelopment agency prior to the adoption of a redevelopment plan could elect, by resolution adopted prior to the adoption of a redevelopment plan, to receive the portion of Tax Increment Revenues attributed to one or both of the following:

- (a) Increases in the rate of tax imposed for the benefit of the taxing agency which levy occurs after the tax year in which the ordinance adopting the redevelopment plan becomes effective; and
- (b) Increases in the assessed value of the taxable property in the redevelopment project area, as the assessed value is established by the assessment roll last equalized prior to the effective date of the ordinance adopting the redevelopment plan pursuant to subdivision (a) of Section 33670, which are, or otherwise would be, calculated annually pursuant to subdivision (f) of Section 110.1 of the Revenue and Taxation Code.

Payments due under Section 33676(b) are referred to herein as “inflationary growth.”

The Agency has entered into the Tax Sharing Agreements with payment provisions described below:

Community Development Project – Original Area

Orange County Water District. Orange County Water District receives 0.37294% of the general levy tax increment.

Orange County General Fund, Flood Control District and Parks, Beaches and Harbors. Orange County taxing entities receive a combined 10.14% of the general levy tax increment. Payment of the amounts due to the Orange County taxing entities are subordinated to bond indebtedness.

Anaheim Union High School District. The Anaheim Union High School District receives tax increment generated by tax rate increases levied by the Anaheim Union High School District for the purpose of paying any of its voter-approved bonded indebtedness. In the event that, in any future year(s), the current system of state school district financing changes such that the Anaheim Union High School District is adversely affected by the allocation of and payment to the Successor Agency of tax increment revenues generated by the application of the general levy to the incremental assessed valuation in the Redevelopment Project, the Successor Agency, upon written request by the Anaheim Union High School District satisfactorily documenting any amounts which may thereafter be due, shall pay to the Anaheim Union High School District, from Tax Revenues thereafter received by the Successor Agency an amount equal to the lesser of (i) the Anaheim Union High School District's 1.355% share of the general levy tax increment or (ii) an amount equal to the actual financial loss of the Anaheim Union High School District from such cause.

Community Development Project – Amendment No. 1 Area

Orange County Water District. Orange County Water District receives 80% of its 0.83% share of the general levy tax increment.

Orange County General Fund, Flood Control District and Parks, Beaches and Harbors. Orange County taxing entities receive a combined 9.86% of the general levy tax increment. Payment of the amounts due to the Orange County taxing entities are subordinated to bond indebtedness.

Local Educational Agencies. The following local educational agencies receive their weighted average proportionate share of inflationary growth:

- Coast Community College District
- North Orange County Community College District
- Orange County Department of Education
- Savanna Elementary School District
- Magnolia Elementary School District
- Anaheim Union High School District
- Garden Grove Unified School District

The weighted average of the local educational agencies share of the inflationary approximately 55.4%.

Community Development Project – Amendment No. 2 Area

Orange County Water District. Orange County Water District receives 80% of its 0.67% share of the general levy tax increment.

Orange County Sanitation District. Orange County Sanitation District receives 80% of its 3.10% share of the general levy tax increment.

Coast Community College District. Coast Community College District receives its 0.32% weighted average share of inflationary growth plus 35% of its 1.63% weighted average share of general levy tax increment net of the inflationary amount.

North Orange County Community College District. North Orange County Community College District receives its 6.00 % weighted average share of inflationary growth plus 35% of its 5.09% weighted average share of general levy tax increment net of the inflationary amount.

Orange County Department of Education. Orange County Department of Education receives its 2.78% share of inflationary growth plus 35% of its 2.78% share of general levy tax increment net of the inflationary amount.

Savanna Elementary School District. Savanna Elementary School District receives its 3.51% weighted average share of inflationary growth.

Magnolia Elementary School District. Magnolia Elementary School District receives 30% of its 16.17% weighted average share of the general levy tax increment.

Anaheim Union High School District. Anaheim Union High School District receives 30% of its 10.54% weighted average share of the general levy tax increment.

Garden Grove Unified School District. Garden Grove Unified School District receives its 10.1% weighted average share of inflationary growth plus 40% of its 14.03% weighted average share of general levy tax increment net of the inflationary amount.

Orange County General Fund, Flood Control District and Parks, Beaches and Harbors. Orange County taxing entities receive 75% of their combined 10.77% share of the general levy tax increment.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If a new redevelopment project was formed by a redevelopment plan adopted on or after January 1, 1994 or if new territory was added to a redevelopment project on or after January 1, 1994, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, with respect to redevelopment projects formed by adoption of a redevelopment plan prior to January 1, 1994, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (pursuant to Section 33333.6(e) of the Redevelopment Law, as amended pursuant to SB 211) or increased the total amount of Tax Increment Revenues to be allocated to the project area or increased the duration of the Redevelopment Plan and the period for receipt of tax increment revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected Taxing Agencies not already a party to a tax sharing agreement, once the original limitations were reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. The Former Agency had not previously undertaken proceedings to subordinate such payments to the Prior Bonds or the Senior Bonds. The Successor Agency did not undertake such procedure with respect to the Parity Bonds nor will it undertake such procedure with respect to the Bonds.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

- (a) commencing in the first Fiscal Year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the Fiscal Year that the limitation had been reached, after

the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;

- (b) in addition to amounts payable as described in (a) above, commencing in the 11th Fiscal Year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10th Fiscal Year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and
- (c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31st Fiscal Year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30th Fiscal Year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.
- (d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.
- (e) The Former Agency or the Successor Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

Tax Increment Revenue generated in the 2000 Project has been subject to Statutory Tax Sharing since its inception (having been adopted after January 1, 1994). Payments for the 2000 Project are currently made pursuant to (a) above, and the payments pursuant to (b) above commenced in fiscal year 2010/11.

The Agency eliminated the time limit to incur debt for the Community Development Project. Payments to certain taxing entities pursuant to Section 33607.7 commenced in fiscal year 2004/05 with respect to the Original Area, in fiscal year 2008/09 with respect to the Amendment No. 1 Area and in 2013/14 with respect to Amendment No. 2 Area.

The City has elected to receive its portion of the tax increment revenue as described in (d) above. The City has not subordinated the payment of such amounts to the Bonds.

Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts.

Outstanding Indebtedness

After refinancing the Prior Bonds, \$12,525,000 par amount of the Senior Bonds will be outstanding and will mature on December 1, 2035. The Parity Bonds were issued in February 2016 as shown below.

- 2016 Series A Bonds, issued in the principal amount of \$7,115,000 and outstanding as of December 1, 2016 in the principal amount of \$7,030,000 and maturing December 1, 2035; and
- 2016 Series B Bonds, issued in the principal amount of \$13,220,000 and outstanding as of December 1, 2016 in the principal amount of \$13,080,000 and maturing December 1, 2035.

The Successor Agency has other enforceable obligations payable from amounts deposited in the Redevelopment Obligation Retirement Fund on a basis subordinate to the Senior Bonds and the Bonds.

Flow of Funds

Under the Indenture, in the Recognized Obligation Payment Schedule period beginning January 2 of each year, the Successor Agency is required to request funding of the principal and interest due on the Senior Bonds and 50% of the principal and interest on the Bonds and the Parity Bonds in the calendar year. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the trustee for the Bonds and reserved for such debt service.

In the Recognized Obligation Payment Schedule period beginning July 1 of each year, the Indenture also requires the Successor Agency to request funding of the remaining unfunded principal and interest payable on the Bonds on December 1 of such year. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the Trustee and reserved for such debt service.

Further, in the event that the Agency defeases any Senior Bonds with funds on hand, or refinances any Senior Bonds with Additional Senior Bonds (see “SECURITY FOR THE BONDS - No Additional Debt Other Than Refunding Bonds”), the amount of any annual debt service savings as a result of such defeasance or refunding will be required to be requested in the Recognized Obligation Payment Schedule period beginning January 2 of each year to be used for debt service on the Bonds payable on June 1, and then to be reserved for the December 1 debt service on the Bonds payable on the next December 1.

Projected Tax Revenues and Debt Service Coverage

Receipt of projected Pledged Tax Revenues shown in Table No. 9 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Municipal Advisor has projected taxable valuation and Pledged Tax Revenues in the Project Area. The Successor Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material and could affect the Successor Agency’s ability to timely pay principal of and interest on the Bonds.

Following is a discussion of assumptions used in the projection of Pledged Tax Revenues:

- (a) The secured roll is assumed to increase 2% annually for inflation. See “Property Taxation in California - Manner in Which Property Valuations and Assessments are Determined (Article XIII A).”
- (b) The values of unsecured personal property and state assessed utility property and the amount of unitary revenues have been maintained throughout the projections at their 2016/17 levels.
- (c) For the purposes of the projections, it is assumed that there will not be any value added to the tax rolls as a result of new construction or changes in property ownership.
- (d) A tax rate of \$1.00 per \$100 of assessed value applied to the taxable property in the Project Area has been used to determine Tax Increment Revenues.
- (e) Projected Pledged Tax Revenues include a deduction for property tax collection administrative costs charged by Orange County.
- (f) Projected Tax Increment Revenues do not reflect delinquencies.
- (g) Projected Tax Increment Revenues do not reflect any potential future Proposition 8 adjustments.

- (h) Projected Tax Increment Revenues do not reflect any potential decreases resulting from pending assessment appeals. See “THE PROJECT AREA - Assessment Appeals.”
- (i) Projected Tax Increment Revenues do not include supplemental property taxes.
- (j) Projected Pledged Tax Revenues include a deduction for payments due to Taxing Agencies under the Tax Sharing Agreements and for Statutory Tax Sharing, including subordinate payments.

**TABLE NO. 9
PROJECTED TAX REVENUES**

	Gross Tax <u>Increment</u>	County <u>Admin</u>	33676 <u>Payments</u>	Senior Tax Sharing <u>Agreements</u>	Statutory Tax <u>Sharing</u>	Available Tax <u>Revenues</u>	Subordinate Tax Sharing <u>Agreements</u>	Senior Bonds <u>Debt Service</u>	Pledged Tax <u>Revenues</u>
2017	\$15,959,000	\$(160,000)	\$ (62,000)	\$(349,800)	\$(3,111,700)	\$12,275,500	\$(415,900)	\$(1,130,519)	\$10,729,081
2018	16,444,000	(165,000)	(65,000)	(362,200)	(3,272,200)	12,579,600	(424,700)	(911,319)	11,243,581
2019	16,941,000	(169,000)	(68,000)	(375,100)	(3,439,900)	12,889,000	(433,800)	(909,919)	11,545,281
2020	17,447,000	(175,000)	(71,000)	(388,300)	(3,610,600)	13,202,100	(443,000)	(907,919)	11,851,181
2021	17,963,000	(180,000)	(74,000)	(401,500)	(3,784,600)	13,522,900	(452,300)	(900,319)	12,170,281
2022	18,490,000	(184,000)	(77,000)	(415,000)	(3,962,400)	13,851,600	(461,700)	(909,006)	12,480,894
2023	19,026,000	(190,000)	(81,000)	(428,800)	(4,143,100)	14,183,100	(471,300)	(1,131,194)	12,580,606
2024	19,575,000	(196,000)	(84,000)	(443,100)	(4,330,200)	14,521,700	(482,100)	(1,127,594)	12,912,006
2025	20,133,000	(202,000)	(88,000)	(457,400)	(4,520,600)	14,865,000	(491,900)	(1,127,994)	13,245,106
2026	20,703,000	(207,000)	(91,000)	(472,000)	(4,714,900)	15,218,100	(502,000)	(1,132,194)	13,583,906
2027	21,284,000	(213,000)	(95,000)	(487,100)	(4,912,800)	15,576,100	(513,200)	(1,134,994)	13,927,906
2028	21,877,000	(219,000)	(98,000)	(502,400)	(5,114,900)	15,942,700	(523,600)	(1,130,344)	14,288,756
2029	22,482,000	(224,000)	(102,000)	(518,000)	(5,321,400)	16,316,600	(534,200)	(1,128,369)	14,654,031
2030	23,098,000	(231,000)	(106,000)	(533,600)	(5,531,500)	16,695,900	(545,900)	(1,134,906)	15,015,094
2031	23,728,000	(237,000)	(110,000)	(550,000)	(5,798,600)	17,032,400	(557,800)	(709,531)	15,765,069
2032	24,369,000	(244,000)	(114,000)	(566,600)	(6,070,700)	17,373,700	(568,800)	(713,400)	16,091,500
2033	25,024,000	(250,000)	(118,000)	(583,300)	(6,348,600)	17,724,100	(581,100)	(715,881)	16,427,119
2034	25,692,000	(257,000)	(122,000)	(600,600)	(6,631,800)	18,080,600	(593,600)	(716,975)	16,770,025
2035	26,373,000	(264,000)	(126,000)	(618,300)	(6,920,600)	18,444,100	(605,200)	(716,681)	17,122,219
2036	27,067,000	(271,000)	(131,000)	(636,000)	(7,215,200)	18,813,800	(618,000)	-	18,195,800
2037	27,776,000	(278,000)	(135,000)	(654,300)	(7,515,900)	19,192,800	(631,100)	-	18,561,700
2038	28,498,000	(286,000)	(140,000)	(672,800)	(7,822,400)	19,576,800	(644,300)	-	18,932,500
2039	29,236,000	(292,000)	(144,000)	(691,800)	(8,135,500)	19,972,700	(657,700)	-	19,315,000
2040	29,987,000	(300,000)	(149,000)	(711,300)	(8,454,200)	20,372,500	(671,300)	-	19,701,200

Source: Municipal Advisor.

The projected Pledged Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Pledged Tax Revenues will be achieved.

TABLE NO. 10
PROJECTED DEBT SERVICE COVERAGE

	Pledged Tax Revenues	Debt Service				Coverage Ratio*	Coverage Ratio Combined Senior Bonds*
		Series A and B	Series C*	Series D*	Total*		
2017	\$10,729,081	\$1,290,625	\$ 757,782	\$1,938,599	\$3,987,005	269.1%	231.7%
2018	11,243,581	1,650,625	453,500	2,031,853	4,135,978	271.8%	240.8%
2019	11,545,281	1,644,525	453,500	2,029,865	4,127,890	279.7%	247.2%
2020	11,851,181	1,648,025	453,500	2,025,036	4,126,561	287.2%	253.4%
2021	12,170,281	1,656,075	453,500	2,027,049	4,136,624	294.2%	259.5%
2022	12,480,894	1,649,475	453,500	2,031,019	4,133,994	301.9%	265.5%
2023	12,580,606	1,427,900	453,500	2,026,472	3,907,872	321.9%	272.1%
2024	12,912,006	1,425,650	453,500	2,028,667	3,907,817	330.4%	278.8%
2025	13,245,106	1,426,556	453,500	2,028,211	3,908,267	338.9%	285.4%
2026	13,583,906	1,425,319	453,500	2,029,729	3,908,547	347.5%	291.9%
2027	13,927,906	1,426,019	453,500	2,028,703	3,908,221	356.4%	298.7%
2028	14,288,756	1,426,819	453,500	2,024,303	3,904,621	365.9%	306.2%
2029	14,654,031	1,430,619	453,500	2,026,409	3,910,527	374.7%	313.2%
2030	15,015,094	1,424,219	453,500	2,025,370	3,903,088	384.7%	320.6%
2031	15,765,069	1,433,481	453,500	1,276,086	3,163,067	498.4%	425.4%
2032	16,091,500	1,429,931	453,500	1,272,435	3,155,866	509.9%	434.3%
2033	16,427,119	1,423,881	453,500	1,272,353	3,149,734	521.5%	443.5%
2034	16,770,025	1,426,294	453,500	1,270,635	3,150,429	532.3%	452.2%
2035	17,122,219	1,421,813	453,500	797,281	2,672,594	640.7%	526.3%
2036	18,195,800	1,421,814	2,093,500	801,514	4,316,828	421.5%	421.5%
2037	18,561,700	1,421,815	2,096,500	799,520	4,317,835	429.9%	429.9%
2038	18,932,500	1,421,816	2,095,250	796,504	4,313,569	438.9%	438.9%
2039	19,315,000	1,421,817	2,094,750	747,465	4,264,031	453.0%	453.0%
2040	19,701,200	1,421,818	2,094,750	744,244	4,260,811	462.4%	462.4%

⁽¹⁾ Pledged Tax Revenues plus Senior Bonds Debt Service (shown in Table No. 9) divided by Senior Bonds Debt Service plus Subordinate Bond Debt Service.

Source: Municipal Advisor.

The projected Pledged Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Pledged Tax Revenues will be achieved. For example, if there is no growth in the assessed value of property in the Project Area from the 2016/17 assessed valuation for every year through the December 1, 2040 maturity date of the Bonds, and all other assumptions described above that were used in the calculation of the projected Pledged Tax Revenues set forth in Table No. 9 above remain the same, the coverage ratio of such assumed Pledged Tax Revenues (i.e., \$10,725,000 after payment of the maximum annual debt service on the Senior Bonds in future bond years) for every Bond Year to Total Debt Service would range from a high of 341%* to a low of approximately 248%* during the scheduled term of the Bonds. On a combined basis with the Senior Bonds, such coverage ratios would be 231%* and 296%*, respectively.

* Preliminary, subject to change.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Pledged Tax Revenues as projected herein (see “FINANCIAL INFORMATION - Projected Tax Revenues and Debt Service Coverage” herein). Projections of Pledged Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Project Area. Pledged Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, taxed at a rate of \$1.00 per \$100 of assessed value (1%) and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Pledged Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Increment Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area taxed at a rate of \$1.00 per \$100 of assessed value (1%). 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 Bonds. Such reduction of 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 Bonds.

Article XIII A. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see “FINANCIAL INFORMATION - Property Taxation in California” herein for a more complete discussion of Article XIII A). 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.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in 10 fiscal years as shown below:

<u>Tax Roll</u>	<u>Percentage</u>	<u>Tax Roll</u>	<u>Percentage</u>
1981/82	1.000%	2010/11	(0.237)%
1995/96	1.190	2011/12	0.753
1996/97	1.110	2014/15	0.454
1998/99	1.853	2015/16	1.998
2004/05	1.867	2016/17	1.525

Proposition 8 Adjustments. Proposition 8, approved in 1978, 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 based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Property Taxation in California - Proposition 8 Adjustments” herein.

If Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Pledged Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Pledged Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds. As of July 2016, there were 73 pending appeals filed within the last four years by property owners within the Project Area relating to \$49.4 million of current year or prior years’ assessed value (see “THE PROJECT AREA - Assessment Appeals” herein). To the extent these appeals are resolved in favor of the property owner, Pledged Tax Revenues will be reduced.

Earthquake, Flood and Other Risks. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Area.

Seismic Activity. According to the Public Safety Element of the City’s General Plan, the City is located in a seismically active region and the Project Area could be impacted by a major earthquake originating from the numerous faults in the area including the Whittier Fault and the Newport-Inglewood Fault. The Public Safety Element of the City’s General Plan lists groundshaking and liquefaction as the primary seismic risk to Stanton from a major earthquake along 3 faults located 8 miles or less away from the City.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the Project Area, a reduction in taxable values of property in the Project Area and a reduction in Pledged Tax Revenues available to pay debt service on the Bonds would be likely to occur.

Flooding Hazard. The City lies outside the boundaries of the identified 100-year flood plain of the Santa Ana River and the Santiago River. However, like most of Orange County, the City lies within the dam inundation area for failure of the Prado Dam and Reservoir.

Risk of wildfire is not a significant hazard within the boundaries of the Project Area due to the urbanized nature of the immediate area.

The City's Emergency Operations Plan includes a hazard analysis for earthquake, flood, and fire risk required to comply with FEMA requirements for disaster relief funding.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Development Risks. The Successor Agency's collection of Pledged Tax Revenues is directly affected by the economic strength of the Project Area. Potential development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If future development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Pledged Tax Revenues available to pay debt service on the Bonds.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal 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; usual equitable 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; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plan and the Project Area may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Agencies and other interested parties, including with respect to Tax Sharing Agreements and Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different

language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondholders (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency’s ability to timely pay debt service on the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondholders.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under “FINANCIAL INFORMATION - Property Taxation in California,” the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2015/16 Fiscal Year. Redevelopment of real property within the Project Area by the City, as well as private development in the Project Area, may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Area encounter significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduced taxable valuation of property in the Project Area a reduction of the Tax Increment Revenues and a consequent reduction in Pledged Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or reduction of Tax Increment Revenues and consequently a reduction in Pledged Tax Revenues available to repay the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that 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. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency’s oversight board and the State Department of Finance 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. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules.” In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to any fiscal year, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period of a Fiscal Year and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation

Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period of a Fiscal Year, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedule” and see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”).

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a Fiscal Year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Auditor-Controller, the State Department of Finance, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency’s administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 10th day after the February 1 deadline with respect to a Recognized Obligation Payment Schedule for the subsequent annual period.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

Series C Bonds Loss of Tax Exemption

As discussed under the caption “TAX MATTERS” herein, interest on the Series C Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series C Bonds were issued as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Series C Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Series C Bonds. Prospective purchasers of the Series C Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Successor Agency can provide no assurance that federal tax law will not change while the Series C Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Series C Bonds from gross income for federal income tax purposes. If the exclusion of the interest on the Series C Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Series C Bonds would be adversely impacted.

IRS Audit of Tax-Exempt Bond Issues

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

Bond Insurance

In the event of default of the payment of the scheduled principal of or interest on the Insured Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Bonds shall have a claim under the Policy for such payments. The Bond Insurer may direct and must consent to any remedies with respect to the Insured Bonds and the Bond Insurer's consent may be required in connection with amendments to any applicable documents relating to the Insured Bonds. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Provisions Relating to Policy."

The Bond Insurer is expected to insure a majority of the Bonds and will therefore have the ability to direct the actions of the Trustee, give consents and waivers and take other actions without regard to the views of the owners of the Uninsured Bonds. As a result, Owners of Uninsured Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the Successor Agency under the Indenture. The Bond Insurer may have different business and other interests than the Owners of the Uninsured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond 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 Bond Insurer and the ratings on the Bond Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See "CONCLUDING INFORMATION - Ratings on the Bonds" herein.

The obligations of the Bond Insurer are unsecured contractual obligations and in an event of default by the Bond 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 or the Municipal Advisor has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond 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 Insured Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information regarding the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Secondary Market

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

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, provided however, that for the purpose of calculating federal corporate alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series C Bonds. The Successor Agency has covenanted to comply with certain restrictions designed to ensure that interest on the Series C Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series C Bonds being included in federal gross income, possibly from the date of original issuance of the Series C Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series C Bonds may adversely affect the value of, or the tax status of interest on, the Series C Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series C Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bond Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series C Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series C Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series C Bonds. Prospective purchasers of the Series C Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series C Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the exclusion from gross income of interest on any Series C Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Best Best & Krieger LLP.

Interest payable on the Series D Bonds is not excluded from gross income for federal income tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

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

Although Bond Counsel is of the opinion that interest on the Series C Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bond Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bond Owner or the Bond Owner's other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.

Copies of the proposed forms of opinions of Bond Counsel are attached hereto as "APPENDIX E."

Circular 230 Disclosure. To ensure compliance with requirements imposed by the IRS, Bond Counsel informs owners of the Series D Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Best Best & Krieger, LLP, Riverside, California, as Bond Counsel, will render opinions with respect to the Bonds which state that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinions of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX E" for the proposed forms of Bond Counsel's opinions with respect to the Bonds.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by Best Best & Krieger, LLP, Riverside, California, as Successor Agency Counsel. Quint & Thimmig LLP, Larkspur, California, will also pass on certain legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Nossaman, Irvine, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

No Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the 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.

CONCLUDING INFORMATION

Ratings on the Bonds

Standard & Poor's has assigned to the Insured Bonds (being the Series C Bonds maturing on December 1 in the years ____ through and including ____ and the Series D Bonds maturing on December 1 in the years ____ through and including ____) its municipal bond rating of “__” with the understanding that the Policy insuring the payment when due of the principal of and interest on the Insured Bonds will be issued concurrently by the Bond Insurer with the delivery of the Insured Bonds. The Bonds have received the underlying rating of “_” by Standard & Poor's. Such ratings reflect only the views of Standard & Poor's, and any desired explanation of the significance of such ratings may be obtained from Standard & Poor's Global Ratings at the following address: 55 Water Street, New York, New York 10041, (212) 438-2000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, which advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The Successor Agency will covenant to provide certain annual financial information (the “Annual Reports”) and notices of the occurrence of certain enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the “Rule”) by not later than February 28 in each year. The Municipal Advisor will act as Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Successor Agency's Disclosure Certificate attached in “APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Underwriting

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), who is offering the Bonds at the prices set forth on the inside cover pages hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others.

The Underwriter has purchased the Series C Bonds at a price equal to \$_____, which amount represents the principal amount of the Series C Bonds plus a net original issue premium of \$_____, less an Underwriter’s discount of \$_____. The Underwriter has purchased the Series D Bonds at a price equal to \$_____, which amount represents the principal amount of the Series D Bonds less an original issue discount of \$_____, less an Underwriter’s discount of \$_____. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter’s discount.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

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 TO THE STANTON REDEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX B

CITY OF STANTON INFORMATION STATEMENT

The following information concerning the City of Stanton is presented as general background data. The Bonds are payable solely from Pledged Tax Revenues, as described in the Official Statement. The Bonds are not an obligation of the City, and the taxing power of the City is not pledged to the payment of the Bonds.

General Information

The City of Stanton was incorporated on June 4, 1956 as a general law city and operates under the council-manager form of government. The City encompasses 3.1 square miles and is located in central Orange County, approximately 23 miles southeast of Los Angeles and 9 miles northwest of Santa Ana. Nearby cities include Anaheim, Buena Park, Garden Grove, Cypress, and La Palma.

Population

The following table provides population growth for the City of Stanton and Orange County between 2012 and 2016.

TABLE NO. B-1
CHANGE IN POPULATION
CITY OF STANTON AND ORANGE COUNTY
2012 – 2016

January 1	<u>CITY OF STANTON</u>		<u>ORANGE COUNTY</u>	
		Percentage		Percentage
<u>Year</u>	<u>Population</u>	<u>Change</u>	<u>Population</u>	<u>Change</u>
2012	38,726		3,069,454	
2013	39,169	1.1%	3,103,654	1.1%
2014	39,270	0.3%	3,127,403	0.8%
2015	39,441	0.4%	3,151,910	0.8%
2016	39,751	0.8%	3,183,011	1.0%
% Change Between 2012 - 2016		2.6%	3.7%	

Source: State of California, Department of Finance, *"E-4 Population Estimates for Cities, Counties and the State, 2011-2016, with 2010 Census Benchmark"* Sacramento, California, May 2016.

Per Capita Personal Income

Per capita personal income information for Orange County, the State of California and the United States are summarized in the following table. Per capita personal income for the City is not available.

TABLE NO. B-2
PER CAPITA PERSONAL INCOME
ORANGE COUNTY, STATE OF CALIFORNIA AND UNITED STATES
2010 – 2014

<u>Year</u>	<u>Orange County ⁽¹⁾</u>	<u>State of California ⁽¹⁾</u>	<u>United States ⁽¹⁾</u>
2010	\$48,007	\$42,411	\$40,277
2011	50,547	44,852	42,453
2012	53,390	47,614	44,266
2013	53,128	48,125	44,438
2014	55,096	49,985	46,049

⁽¹⁾ For Orange County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2014 reflect county population estimates available as of March 2015.

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

Last updated: November 19, 2015, new estimates for 2014; revised estimates for 2001-2013.

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

Employment

As of June 2016, the civilian labor force for the City was approximately 19,100 of whom 18,000 were employed. The unadjusted unemployment rate as of June 2016 was 5.8% for the City as compared to 4.4% for the County and 5.7% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2011 through 2015 are shown in the following table:

**TABLE NO. B-3
CITY OF STANTON
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2011</u>				
City of Stanton	19,000	16,800	2,200	11.8%
Orange County	1,546,400	1,406,400	140,000	9.1%
California	18,415,100	16,258,100	2,157,000	11.7%
United States	153,617,000	139,869,000	13,747,000	8.9%
<u>2012</u>				
City of Stanton	19,000	17,100	2,000	10.3%
Orange County	1,564,500	1,441,400	123,100	7.9%
California	18,551,400	16,627,800	1,923,600	10.4%
United States	154,975,000	142,469,000	12,506,000	8.1%
<u>2013</u>				
City of Stanton	18,900	17,300	1,600	8.6%
Orange County	1,569,200	1,465,900	103,300	6.6%
California	18,670,100	17,001,000	1,669,000	8.9%
United States	155,389,000	143,929,000	11,460,000	7.4%
<u>2014</u>				
City of Stanton	18,800	17,400	1,400	7.2%
Orange County	1,578,200	1,491,800	86,400	5.5%
California	18,827,900	17,418,000	1,409,900	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
<u>2015</u>				
City of Stanton	18,900	17,800	1,100	5.9%
Orange County	1,597,100	1,525,600	71,500	4.5%
California	18,981,800	17,798,600	1,183,200	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

Industry

The City is located in the Anaheim-Santa Ana-Irvine Metropolitan Division. Six major job categories constitute 79.5% of the work force. They are professional and business services (18.5%), service producing (14.8%), leisure and hospitality (13.3%), educational and health services (12.9%), government (10.1%) and manufacturing (9.9%). The June 2016 unemployment rate in the Anaheim-Santa Ana-Irvine Metropolitan Division was 4.4%. The State of California June 2016 unemployment rate (unadjusted) was 5.7%.

TABLE NO. B-4
ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION
WAGE AND SALARY WORKERS BY INDUSTRY ⁽¹⁾
(in thousands)

<u>Industry</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Government	151.4	151.8	154.1	159.3	161.4
Other Services	45.1	46.1	47.9	49.4	49.0
Leisure and Hospitality	184.6	190.3	196.1	205.1	212.2
Educational and Health Services	176.7	185.4	189.1	197.3	205.6
Professional and Business Services	261.4	267.6	275.6	283.6	295.1
Financial Activities	108.3	113.8	114.5	116.8	118.0
Information	24.3	25.2	24.3	25.6	26.1
Transportation, Warehousing and Utilities	28.2	27.7	26.4	26.9	27.6
Service Producing					
Retail Trade	141.7	144.1	146.9	149.4	150.6
Wholesale Trade	77.5	79.4	80.6	80.4	84.9
Manufacturing					
Nondurable Goods	44.3	42.9	42.0	41.6	40.8
Durable Goods	114.8	115.1	115.2	115.1	116.2
Goods Producing					
Construction	70.8	77.4	81.3	89.2	101.7
Mining and Logging	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.6</u>
Total Nonfarm	1,429.7	1,467.4	1,494.7	1,540.4	1,589.8
Farm	<u>3.0</u>	<u>2.9</u>	<u>2.7</u>	<u>2.5</u>	<u>2.5</u>
Total (all industries)	<u>1,432.7</u>	<u>1,470.3</u>	<u>1,497.4</u>	<u>1,542.9</u>	<u>1,592.3</u>

⁽¹⁾ Annually, as of June.

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Information Division, *"Industry Employment & Labor Force - by month, March 2015 Benchmark."*

**TABLE NO. B-5
CITY OF STANTON
MAJOR EMPLOYERS**

The major employers operating within the City and their respective number of employees as of June 30, 2015 are as follows:

<u>Name of Company</u>	<u>Employment</u>	<u>Type of Business/Service</u>
Rowntree Gardens (formerly Quaker Gardens)	312	Senior Living Community
Sam's Club	200	Discount Retailer
USS Cal Builders	200	General Contractor
CR &R	190	Waste Disposal
Home Depot	144	Home Improvement Retailer
All Metals Processing	132	Fabricated Metal Products
Custom Pipe & Coupling	120	Pipe Bending and Fabricating
Adventure City	100	Amusement Park
Food 4 Less	68	Grocery Store
City of Stanton	53	Government

Source: City of Stanton.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Stanton for 2010 through 2014 (the most recent year for which statistics are available from the State Board of Equalization for the full year).

**TABLE NO. B-6
CITY OF STANTON
TOTAL TAXABLE TRANSACTIONS
(in \$ thousands)
2010 – 2014**

<u>Year</u>	<u>Retail and Food Services (\$000's)</u>	<u>% Change</u>	<u>Retail and Food Services Permits</u>	<u>Total Taxable Transactions (\$000's)</u>	<u>% Change</u>	<u>Issued Sales Permits</u>
2010	\$220,158		452	\$272,830		747
2011	244,816	11.2%	437	301,045	10.3%	727
2012	261,097	6.7%	465	321,040	6.6%	751
2013	271,452	4.0%	484	338,677	5.5%	763
2014	285,260	5.1%	490	353,691	4.4%	748

Source: California State Board of Equalization, "Taxable Sales in California."

Taxable transactions by type of business for the City of Stanton for 2010 through 2014 (the most recent year for which statistics are available from the State Board of Equalization for the full year) are summarized in Table No. B-7.

TABLE NO. B-7
CITY OF STANTON
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in \$ thousands)
2010 – 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<i>Retail and Food Services</i>					
Clothing and Clothing					
Accessories Stores	\$ 2,090	\$ 2,183	\$ 3,011	\$ 4,299	\$ 3,970
General Merchandise Stores	#	#	#	#	30,698
Food and Beverage Stores	17,496	18,605	19,009	22,455	22,749
Food Services and Drinking Places	39,137	41,383	43,192	45,083	48,694
Home Furnishings and					
Appliance Stores	#	#	#	#	#
Building Materials and Garden					
Equipment and Supplies	42,946	44,454	46,118	47,856	49,416
Motor Vehicles and Parts Dealers	23,583	28,286	26,986	32,828	39,789
Gasoline Stations	49,636	62,754	69,675	66,319	64,156
Other Retail Group	<u>45,271#</u>	<u>47,151#</u>	<u>53,107#</u>	<u>52,612#</u>	<u>25,787#</u>
Total Retail and Food Services	220,158	244,816	261,097	271,452	285,260
<i>All Other Outlets</i>	<u>52,671</u>	<u>56,230</u>	<u>59,942</u>	<u>67,225</u>	<u>68,431</u>
Total All Outlets	<u>\$272,830</u>	<u>\$301,045</u>	<u>\$321,040</u>	<u>\$338,677</u>	<u>\$353,691</u>

Sales omitted because their publication would result in the disclosure of confidential information. These are included with "Other Retail Group" when possible.

Note: Detail may not compute to total due to rounding.

Source: California State Board of Equalization, "Taxable Sales in California."

Building Activity

The following table summarizes building activity valuations for the City of Stanton for the five fiscal years 2011/12 through 2015/16.

TABLE NO. B-8
CITY OF STANTON
BUILDING ACTIVITY AND VALUATION
2011/12 - 2015/16

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Estimated Valuation	\$6,824,061	\$8,011,040	\$12,151,759	\$9,628,253	
Building Permits Issued	244	211	262	338	

Source: Community Development Department, City of Stanton.

APPENDIX C
SUCCESSOR AGENCY AUDITED
FINANCIAL STATEMENTS FOR THE FISCAL
YEAR ENDED JUNE 30, 2015

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Stanton Redevelopment Agency Stanton Consolidated Redevelopment Project (the “Issuer”) in connection with the issuance of its Tax Allocation Refunding Parity Bonds, 2016 Series C and Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2016, as amended and supplemented by a First Supplemental Indenture of Trust dated as of December 1, 2016, (as amended and supplemented, the “Indenture”) by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Issuer. The Issuer covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners and bondholders in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*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 Harrell & Company Advisors, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation. In the absence of such a designation, the Issuer shall act as the Dissemination Agent.

“*EMMA*” or “*Electronic Municipal Market Access*” means the centralized on-line repository system located at www.emma.msrb.org for documents filed with the MSRB pursuant to the Rule, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

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

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

“*Participating Underwriter*” shall mean Stifel, Nicolaus & Company, Incorporated, or any of the original underwriters 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 Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report to MSRB.* The Issuer shall, or shall cause the Dissemination Agent to, not later than February 28 in each year, commencing February 28, 2017 and to file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided however, that the first Annual Report due on February 28, 2017 shall consist solely of a copy of the Official Statement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than five days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Issuer.

(d) *Report of Non-Compliance.* If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in a timely manner in an electronic format prescribed by the MSRB.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the Issuer for the preceding fiscal year, prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Controller of the State. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), 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. The audited Financial Statements of the Issuer may be included in the City of Stanton’s Comprehensive Annual Financial Report if no separate Financial Statement is prepared for the Issuer.

(b) To the extent not included in the audited final statement of the Issuer, the Annual Report shall also include the following information for the prior fiscal year, insofar as available from public records:

(i) Table Nos. 1 - 5 - Historical Assessed Valuations;

- (ii) Table No. 6 - Historical Tax Revenues;
- (iii) Table No. 7 - Redevelopment Property Tax Trust Fund Deposits;
- (iv) Table No. 8 - Ten Largest Taxpayers;
- (v) Table No. 9 - Tax Revenues; and
- (vi) Table No. 10 - Debt Service Coverage.

(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 Issuer 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 Issuer shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements or information (as set forth herein), in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) *Reportable Events.* The Issuer shall, or shall cause the Dissemination (if not the Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds (in accordance with (e) below):

- (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) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Determination of Materiality of Listed Events.* Whenever the Issuer obtains knowledge of the occurrence of a Listed Event listed under Section 5(b), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) *Notice to Dissemination Agent.* If the Issuer has determined that knowledge of the occurrence of a Listed Event listed under Section 5(b) would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent (if other than the Issuer) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(e) *Notice of Listed Events.* The Issuer shall file, or cause the Dissemination Agent to file, a notice of the occurrence of a Listed Event listed in Section 5(a), and, listed in Section 5(b), if material, with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The initial Dissemination Agent shall be Harrell & Company Advisors, LLC. The Issuer may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Issuer, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent, if not the Issuer, shall be paid compensation by the Issuer for its services provided hereunder in accordance with its

schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Issuer or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Issuer that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Issuer shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this

Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article IX of the Indenture insofar as they relate to the Trustee shall apply to the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to the Disclosure Certificate or arising out of or in the exercise of performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty of obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the owner of a Bond, or any other party. The Trustee shall have no liability to any party for any monetary damages or other financial liability of any kind whatsoever related to or arising from any breach of this Disclosure Certificate. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written direction from the Issuer or an opinion of Special Counsel. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent or the Trustee and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, 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.

Date: _____, 2016

SUCCESSOR AGENCY TO THE STANTON
REDEVELOPMENT AGENCY

By: _____
Its: Administrative Services Director

APPENDIX E
PROPOSED FORMS OF BOND COUNSEL OPINIONS
[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX F

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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

APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: September 13, 2016

SUBJECT: INVESTMENT IN THE LOCAL AGENCY INVESTMENT FUND

REPORT IN BRIEF:

A resolution is necessary to authorize the Successor Agency to the Stanton Redevelopment Agency to open a Local Agency Investment Fund (LAIF) account to invest bond proceeds.

RECOMMENDED ACTION:

1. That the Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.
2. That the Successor Agency adopt Resolution No. SA 2016-04 authorizing the Successor Agency to open accounts with the State of California's Local Agency Investment Fund.

BACKGROUND:

The Local Agency Investment Fund (LAIF) is a highly liquid, safe investment of the State of California. LAIF's yields are not very high, but they have the benefit of being very liquid. LAIF allows transfers on a daily basis. The Stanton Redevelopment Agency has previously invested funds with LAIF, but when dissolution occurred, the name of the account was not adjusted to the Successor Agency of the Stanton Redevelopment Agency, and the account was subsequently closed.

The 2011A and B Tax Allocation Bonds have been held in trust by US Bank in a money

market account that earns 0.02%. Recently, portions of those bonds were transferred to a custodial account for the Tina/Pacific project. Last year staff invested the proceeds of the reserve accounts of the 2010A and 2011A and B Tax Allocation Bonds (in Federal Agency Securities and Negotiable Certificates of Deposit) earning over 1.30% on those investments.

ANALYSIS/JUSTIFICATION:

At this time there are proceeds from the 2011A and B Tax Allocation Bonds that are currently held in a custodial account with US Bank, retained strictly in a money market account and earning 0.02%. It would be prudent to move all these funds into a higher yielding, but still very liquid investment. LAIF would offer increased yield with the ability to transfer funds out any month if needed. It is therefore recommended that the Successor Agency approve the resolution so that the finance officer can invest bond funds in LAIF.

FISCAL IMPACT:

Funds held in the custodial account for the Tina/Pacific project will receive a much higher rate of return (currently 0.59%) and still retain the ability to have access to funds held with US Bank as necessary. The higher yields earned will result in an additional \$25,000 per year that can be used for the Tina/Pacific project. Additionally, the opportunity will exist for other uninvested Successor Agency bond reserves to be invested at a much higher rate.

ENVIRONMENTAL IMPACT:

None

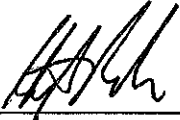
PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

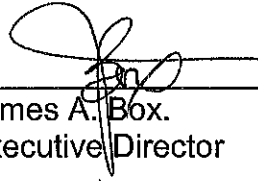
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared By:



Stephen M. Parker, CPA
Administrative Services Director

Approved By:



James A. Box.
Executive Director

Attachments:

- A. Resolution 2016-04

RESOLUTION NO. SA 2016-04

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STANTON, CALIFORNIA AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of the Successor Agency hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the Successor Agency; and

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

That the Board of the Successor Agency hereby authorizes the deposit and withdrawal of Successor Agency monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein; and

BE IT FURTHER RESOLVED, AS FOLLOWS:

Section 1. The following Successor Agency officers holding the title(s) specified hereinbelow **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Stephen M. Parker, CPA
Administrative Services Director

James A. Box
Executive Director

Patricia A. Vazquez
Agency Secretary

Section 2. This resolution shall remain in full force and effect until rescinded by the Board of the Successor Agency by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

ADOPTED, SIGNED AND APPROVED this 13th day of September, 2016.

BRIAN DONAHUE, CHAIRMAN

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, AGENCY COUNSEL

ATTEST:

I, Patricia A. Vazquez, Agency Secretary of the City of Stanton, as Successor to Stanton Redevelopment Agency, Stanton, California, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. SA 2016-04 has been duly signed by the Chairman and attested by the Agency Secretary, all at a regular meeting of the City of Stanton as Successor to Stanton Redevelopment Agency, held on September 13, 2016, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, AGENCY SECRETARY

City Council Item 12D

***“CITY COUNCIL INITIATED ITEM —
DISCUSSION REGARDING THE POSSIBILITY
OF INCREASING FINES FOR THE
DISCHARGE OF ILLEGAL FIREWORKS”***

City Council Initiated Item.

(This item does not contain a staff report)