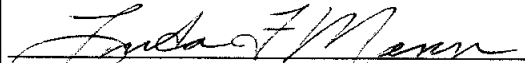


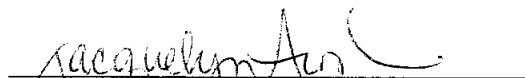


City of Carson Report to Successor Agency

March 18, 2014
New Business Discussion

SUBJECT: CONSIDER ADOPTION OF RESOLUTION NO. 14-04-CSA APPROVING THE PRELIMINARY OFFICIAL STATEMENTS AND AUTHORIZING THE AGENCY TO COMPLETE THE SALE OF THE REFUNDING BONDS


Submitted by Barry M. Waite
Acting Director of Community Development


Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

On December 17, 2013, the Successor Agency to the Carson Redevelopment Agency (the "Agency") adopted resolutions approving certain documents approving the sale and issuance of refunding bonds (Exhibit No.1). These documents were subsequently approved on January 9, 2014, by the Oversight Board to the Dissolved Carson Redevelopment Agency (the "Board") with the adoption of Resolution No. OBSA14-11 (Exhibit No. 2) approving the documents pursuant to its earlier direction to commence a refunding of certain outstanding bonds to achieve debt service savings.

This Board action conforms to Section 34177.5 of Assembly Bill No. 1484 (AB 1484) that allows for the refinancing of certain redevelopment agency obligations to achieve debt service savings, and approves certain remaining bond documents including the Preliminary Bond Official Statements and Continuing Disclosure Certificates.

Resolution No. 14-04-CSA (Exhibit No. 3) is attached for the Agency's consideration.

II. RECOMMENDATION

WAIVE further reading and adopt Resolution No. 14-04-CSA, "A RESOLUTION OF THE CARSON SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPROVING PRELIMINARY OFFICIAL STATEMENTS AND AUTHORIZING EXECUTION OF FINAL OFFICIAL STATEMENTS IN ACCORDANCE WITH THE DIRECTION OF THE SUCCESSOR AGENCY PURSUANT TO RESOLUTION NOS. CSA13-27 AND CSA13-28, AND TAKING CERTAIN OTHER ACTIONS RELATED THERETO."

III. ALTERNATIVES

TAKE another action the Agency deems necessary.

IV. BACKGROUND

On December 17, 2013, the Agency approved Resolution Nos. CSA13-26, CSA13-27 and CSA13-28 approving the issuance of two series of bonds and certain bond documents, appointing underwriters and other actions, and authorizing the Agency to undertake the refunding of the following bond issues:

- (a) \$11,800,000.00 original principal amount of Carson Redevelopment Agency Tax Allocation Bonds, 2003 Series C (Carson Merged and Amended Project Area);
- (b) \$4,195,000.00 original principal amount of Carson Redevelopment Agency Tax Allocation Subordinate Bonds, 2003 Series B (Carson Merged and Amended Project Area);
- (c) \$18,500,000.00 original principal amount of Carson Redevelopment Agency Tax Allocation Refunding Bonds, Series 2003 A (Carson Merged and Amended Project Area);
- (d) \$3,155,000.00 original principal amount of Carson Redevelopment Agency Tax Allocation Bonds, Series 2003 A (Redevelopment Project Area No. 1); and
- (e) \$32,495,863.00 original principal amount of Carson Redevelopment Agency Tax Allocation Bonds, Series 2003 B (Redevelopment Project Area No. 1).

On January 9, 2014, the Board adopted Resolution No. OBSA14-11 approving the actions of the Agency, approving the bond documents, and authorizing the refunding bonds. The bond documents, financial reports, and approving resolutions were forwarded, as required by the Dissolution Legislation, to the State Department of Finance (the "DOF") for final approval. Such approval is pending and expected by mid to late March. The action before the Agency tonight is to approve, by resolution, the Preliminary Official Statements (POS) (one with respect to Project Area No. 1 and one with respect to the Merged & Amended Project Area) and Continuing Disclosure Certificate. Upon approval, the Agency will distribute the POS to investors and negotiate the sale of bonds with the underwriters, Stifel Nicolaus & Co and Cabrera Capital. If savings are sufficient and meet the requirement for savings in the Dissolution Legislation and those in prior approving resolutions, the Agency will complete the bond sale and execute all the required bond documents needed to close the bond refunding. Based upon the latest estimate provided by the underwriters, total net present value savings are estimated at \$5,464,808 or 11% of the refunded bonds. The level of savings is well beyond the minimum level of savings generally required. Final savings levels will depend on interest rates at time of sale. Most city and county debt policies identify a 3% minimum as acceptable savings. Health &

Safety Code Section 34177.5 (a) (1) describes the conditions which are necessary to issue refunding bonds:

"For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance."

Ratings have been applied for from Standard & Poor's Corporation and ratings of A- are expected on the Project Area No. 1 Bond Series and AA- on the Merged & Amended Bond Series. Bond insurance is also being applied for from Assured Guarantee and Build America Mutual to enhance the bond ratings and eliminate the need to fund a bond reserve fund. Bond insurance will only be considered if cost effective.

These bond issues are proposed to be refunded in two series, one for Project Area No. 1 and another for the Merged & Amendment Project Area. The term of the proposed refunding bonds will be identical to the outstanding bonds and savings are proposed to be level each year. There will be no extension of bond maturities. All costs of issuance will be paid from the bond issuance proceeds as provided for under the Dissolution Legislation. The City will not be obligated to pay any costs related to the issuance of the refunding bonds. If the bond issuance is not completed for any reason, AB 1484 allows costs including Agency staff time to be submitted for reimbursement on future Recognized Obligation Payment Schedule (ROPS).

In other words, the Successor Agency may not issue bonds that would increase the overall cost of the bonds or take additional proceeds and the Agency must be able to recover its related costs in connection with the transaction. If savings are insufficient, as determined solely by the Agency, no bonds will be sold.

A related benefit to the City of Carson in completing this refunding is to increase available tax increment in Project Area No. 1. Project Area No. 1 has certain obligations under the Carson Marketplace owner participation agreement (OPA)

to reimburse the Developer for environmental remediation costs. Project Area No. 1 also funds the City's obligation to make lease payments under the Series 2009 Lease Revenue Bonds related to the Carson Marketplace Project. The bond documents approved in December included:

Indenture for Merged & Amended Project Area and Supplemental Indenture for Project Area No. 1: Key legal document that describes the pledge of tax increment revenues and lays out the legal structure and terms of the bonds. It specifies payment dates, interest rates, maturity dates of the bonds; revenues and accounts specifically pledged to the repayment of the bonds; flow of funds, default and remedy provisions; defeasance provisions in the event the bonds are prepaid; provisions relating to the issuance of additional debt and covenants of the Agency. It was drafted by Bond Counsel and executed by the Agency and the Trustee.

Bond Purchase Agreements: The Bond Purchase Agreements describe the terms and conditions for the purchase of the bonds by the underwriter.

Escrow Agreements: The Escrow Agreements describe the terms and conditions under which bond proceeds will be held until the Series 2003 D bondholders are repaid.

The Documents being approved tonight include:

Preliminary Official Statements: These documents (one each with respect to the Project Area No. 1 Bonds (Exhibit No. 4) and the Merged & Amended Project Area Bonds (Exhibit No. 5), describe the security and disclose potential risks to prospective investors. They will generally describe the sources of payment for the bonds, the nature of the projects, the Project Area, economic and demographic characteristics of the City and Project Area, and inherent known risk factors associated with the security. It is important that these documents not contain any material misstatements or omissions. The POS are distributed by the underwriter to prospective investors prior to the bond sales so that they can make informed purchase decisions. The POS should be as close to final as possible with the actual terms of the pricing (interest rates and principal amounts) left necessarily blank. The Final Official Statements (FOS) will be prepared shortly after the bond sale and must be available in time for bond closings. The POS and FOS are drafted by Disclosure Counsel and are executed by the Agency. The Continuing Disclosure Certificates are exhibits to the POS and FOS wherein the Successor Agency covenants to comply with SEC Rule 15c2-12 and make certain annual and material disclosures on an ongoing basis.

V. FISCAL IMPACT

Overall present value savings of \$5,464,808.00 with approximately 7% going to the City's General fund.

VI. EXHIBITS

1. Disposition, December 17, 2013, CSA Item No. 3. (pgs. 6-7)
2. Minutes, January 9, 2014, OBSA Item No. 1. (pg. 8)
3. Resolution No. 14-04-CSA. (pgs. 9-12)
4. Preliminary Official Statement for Project Area No. 1. (pgs. 13-105)
5. Preliminary Official Statement for Merged and Amended Project Area. (pgs. 106-198)

Prepared by: Linda F. Mann, Principal Administrative Analyst

TO:Rev02-24-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by Successor Agency

Date _____ Action _____

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "___"

See "CONCLUDING INFORMATION - Rating" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP Co-Bond Counsel and Tax Counsel to the Successor Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Tax Counsel, interest on the Series 2014A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Tax Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014A Bonds. See "CONCLUDING INFORMATION — Tax Matters" herein.

[\$Bond Amount]*
SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
Redevelopment Project Area No. 1
Tax Allocation Refunding Bonds, Series 2014A

Dated: Date of Delivery

Due: As shown on the inside front cover

The Successor Agency to the Carson Redevelopment Agency (the "Successor Agency") will issue its Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A (the "Series 2014A Bonds") under an Indenture, dated as of December 1, 1992, as amended and supplemented, including by a Sixth Supplemental Indenture, dated as _____ 1, 2014, (as amended and supplemented, the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). Proceeds of the Series 2014A Bonds will be used to (i) refund certain outstanding indebtedness previously issued by the Carson Redevelopment Agency (the "Former Agency"), (ii) fund a debt service reserve fund for the Series 2014A Bonds and (iii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds. The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.

The Series 2014A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as securities depository of the Series 2014A Bonds. Individual purchases of the Series 2014A Bonds may be made in book-entry form only, in multiples of \$5,000. Principal of and interest on the Series 2014A Bonds will be paid directly to DTC by the Trustee. Principal of the Series 2014A Bonds is payable on the dates set forth on the inside cover page hereof. Interest on the Series 2014A Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2014 (each, an "Interest Payment Date").

The Series 2014A Bonds are subject to optional and mandatory redemption as described herein. See "THE SERIES 2014A BONDS - Redemption."

The Series 2014A Bonds are special obligations of the Successor Agency payable from and secured by Pledged Tax Revenues, as defined herein, allocated to and received by the Successor Agency with respect to its Redevelopment Project Area No. 1 (the "Project Area") and funds and accounts held under the Indenture as described herein. The Series 2014A Bonds are issued on a parity with certain outstanding tax allocation bonds of the Former Agency. Subject to certain conditions, additional obligations on a parity with the Series 2014A Bonds may be issued or incurred in the future by the Successor Agency.

THE SERIES 2014A BONDS ARE NOT A DEBT OF THE CITY OF CARSON (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE"), OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE, NOR ANY OF THEIR POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE SERIES 2014A BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE SUCCESSOR AGENCY AS SET FORTH IN THE INDENTURE. NEITHER THE MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY FOR THE SERIES 2014A BONDS. THE SUCCESSOR AGENCY HAS NO TAXING POWER. THE SERIES 2014A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2014A Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, and Aleshire & Wynder LLP, Irvine, California, Co-Bond Counsel. Orrick, Herrington & Sutcliffe LLP is also tax counsel. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel, and for the Successor Agency by Aleshire & Wynder as Successor Agency Counsel. It is anticipated that the Series 2014A Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2014.

[Underwriter Logo]

The date of this Official Statement is _____, 2014.

[Underwriter Logo]

Preliminary, subject to change.



MATURITY SCHEDULE FOR THE SERIES 2014A BONDS

\$ _____ Serial Bonds*

(Base CUSIP: _____)

Maturity Date October 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP No. [†]
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* Preliminary, subject to change.

† CUSIP numbers have been assigned to this issue by CUSIP Global Services, managed by Standard & Poor's Services LLC on behalf of The American Bankers Association, and are included solely for the convenience of the owners of the Series 2014A Bonds. Neither the Successor Agency nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2014A 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 the Series 2014A Bonds.

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

SUCCESSOR AGENCY GOVERNING BODY AND CITY COUNCIL MEMBERS

Jim Dear, Mayor
Elito M. Santarina, Mayor Pro Tem
Lula Davis-Holmes, Council Member
Mike A Gibson, Council Member
Albert Robles, Council Member

SUCCESSOR AGENCY STAFF AND CITY STAFF

Jacquelyn Acosta, Acting City Manager
Aleshire & Wynder, Successor Agency Counsel and City Attorney
Karen Avilla, Successor Agency Treasurer and City Treasurer
Donesia L. Gause, Successor Secretary and City Clerk

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Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Consultant
DHA Consulting, LLC
Long Beach, California

Trustee/Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series 2014A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Successor Agency.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2014A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Successor Agency and other sources which are believed to be reliable.

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof.

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and the law, and do not purport to be complete statements of any or all of such provisions.

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 Series 2014A Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency, the County, the California Department of Finance or the other entities described in this Official Statement, or the condition of the property within the Project Area since the date of this Official Statement.

Website. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with Municipal Securities Rule Making Board through the Electronic Municipal Market Access ("EMMA") website. The City of Carson maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2014A Bonds.



TABLE OF CONTENTS

INTRODUCTION	1	Tax Increment Cap, Review Of Pledged	
Authority And Purpose	1	Tax Revenues	32
City And The Successor Agency.....	2	Base Year Assessed Valuation	33
The Redevelopment Plan.....	2	Tax Rates	33
Tax Allocation Financing.....	3	Major Taxpayers.....	34
Security For The Series 2014a Bonds	4	Top Taxpayer Summary.....	35
Reserve Account.....	4	Historic Assessed Valuation Growth	36
Bond Insurance	4	Assessment Appeals	37
The County And The County Auditor		Tax Sharing Agreements.....	39
Controller.....	5	Tax Sharing Statutes	40
Professionals Involved In The Offering ...	5	Outstanding Indebtedness Of The Project	
Summaries Of Documents	5	Area	41
Continuing Disclosure	6	Owner Participation Agreement: The	
THE REFINANCING PLAN.....	7	Boulevards At South Bay Project	41
Use Of Series 2014A Bond Proceeds.....	7	Projected Taxable Valuation And Pledged	
Plan Of Refunding.....	7	Tax Revenues; Debt Service Coverage	43
Sources And Uses Of Funds.....	7	BONDOWNERS' RISKS	47
THE SERIES 2014A BONDS	9	Recognized Obligation Payment	
Authority For Issuance	9	Schedules.....	47
Description Of The Series 2014A		Challenges To Dissolution Act	49
Bonds	10	Certain Uncertainties Regarding	
Redemption.....	11	Dissolution Act.....	49
Redemption Provisions	12	Bonds Are Limited Obligations And Not	
Registration, Transfer And Exchange ...	13	General Obligations.....	50
Book-Entry Only System	13	Reduction In Taxable Value; Plan	
THE DISSOLUTION ACT	14	Limitations	50
SECURITY FOR THE BONDS	16	Reduction In Inflationary Rate And	
Pledged Tax Revenues.....	16	Changes In Legislation; Further	
Pledge Of Former Housing Set Aside ...	17	Initiatives	51
Flow Of Funds Under The Indenture.....	17	Unsecured Property	51
Reserve Account.....	18	Concentration Of Ownership	52
Issuance Of Additional Bonds	19	Varying Termination Dates For Tax	
Recognized Obligation Payment		Revenue Sources.....	52
Schedules Or ROPS	19	Pro Rata Share Of Housing Debt	
THE SUCCESSOR AGENCY TO THE		Service	52
CARSON REDEVELOPMENT AGENCY .	23	Levy And Collection.....	52
Members And Officers	23	Loss Of Tax Exemption	53
Successor Agency Powers	23	Seismic Risk And Flood Risk	53
Status Of Compliance With Dissolution		Property Tax Appeals	54
Act.....	24	Hazardous Substances	54
Successor Agency Fiduciary Fund.....	24	Enforceability Of Remedies	54
Successor Agency's Other Project		Investment Of Funds	54
Areas.....	24	Assumptions And Projections.....	55
Consolidation Of All Project Areas Into A		Secondary Market	55
Single Project Area	25	PROPERTY TAXATION IN CALIFORNIA	55
REDEVELOPMENT PROJECT AREA		Property Tax Collection Procedures.....	55
NO. 1.....	26	Tax Collection Fees.....	57
Redevelopment Plan.....	26	Unitary Taxation Of Utility Property	57
Original Area	28	Former Housing Set-Aside	58
1985 Amendment Area	29	Appropriations Limitations: Article XIII B Of	
1997 Amendment Area	29	The California Constitution	58
Plan Limitations.....	29	Plan Limitations	59
		CONCLUDING INFORMATION	60



Tax Matters	60
Financial Advisor.....	62
Fiscal Consultant.....	62
Verification Of Mathematical Computation	62

Rating	62
Underwriting	63
No Litigation	63
Legal Matters.....	63
Miscellaneous.....	63

APPENDIX A- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	A-1
APPENDIX B- SUCCESSOR AGENCY FIDUCIARY FUND	B-1
APPENDIX C- GENERAL INFORMATION RELATING TO THE CITY OF CARSON	C-1
APPENDIX D- FISCAL CONSULTANT'S REPORT	D-1
APPENDIX E- FORM OF CO-BOND COUNSEL OPINION	E-1
APPENDIX F- FORM OF CONTINUING DISCLOSURE CERTIFICATE	F-1
APPENDIX G- BOOK-ENTRY ONLY SYSTEM	G-1
APPENDIX H- STATE DEPARTMENT OF FINANCE APPROVAL LETTER	H-1



\$[Bond Amount]*
SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
Redevelopment Project Area No. 1
Tax Allocation Refunding Bonds, Series 2014A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the Successor Agency to the Carson Redevelopment Agency (the "**Successor Agency**") of \$[Bond Amount]* aggregate principal amount of its Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A (the "**Series 2014A Bonds**"). This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to the Series 2014A Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

Authority and Purpose

The Series 2014A Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "**State**"), including the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) (the "**Redevelopment Law**") and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended (the "**Dissolution Act**" and, together with the Redevelopment Law, the "**Law**") and Article 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Refunding Law**"), a resolution of the Successor Agency adopted on December 17, 2014, and an Indenture, dated as of December 1, 1992, as amended and supplemented, including as amended and supplemented by a Sixth Supplemental Indenture, dated as _____ 1, 2014, (as amended and supplemented, the "**Indenture**") by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as the trustee (the "**Trustee**").

Proceeds of the Series 2014A Bonds will be used to refund the (i) the outstanding amount of Carson Redevelopment Agency, Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2003 (the "**Series 2003A Bonds**"), and (ii) a portion of the outstanding amount of Carson Redevelopment Agency Redevelopment Project No. 1 Tax Allocation Bonds, Series 2003B (the "**Series 2003B Bonds**" and together with the Series 2003A Bonds, the "**Refunded Bonds**"). The remaining unrefunded portion of the Series 2003B Bonds consists of capital appreciation bonds maturing October 1, 2034, that are not subject to optional redemption prior to maturity (the "**Unrefunded Series 2003B Bonds**"). Proceeds of the Series 2014A Bonds will also be used (i) to fund a portion of the debt service reserve fund with respect to the Series 2014A Bonds and (ii) to pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds. The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.

* Preliminary, subject to change.

City and the Successor Agency

The City of Carson (the "**City**") is located in Los Angeles County (the "**County**"), California. Incorporated in 1968 as a general law city, the City encompasses an area of approximately 19.24 square miles. The City operates according to the Council/Manager form of government. The City Manager is appointed by the City Council to manage the City's staff and generally implement policies established by the City Council. See "APPENDIX C - GENERAL INFORMATION RELATING TO THE CITY OF CARSON" for a more complete description of the City and the surrounding region.

The Carson Redevelopment Agency (the "**Former Agency**") was established pursuant to the Redevelopment Law and was activated by the City Council in September of 1971 by the adoption of Ordinance No. 71-196. The five members of the City Council served as the governing body of the Former Agency, and exercised all rights, powers, duties and privileges of the Former Agency.

On June 29, 2011, Assembly Bill No. 26 ("**AB X1 26**") was enacted together with a companion bill, Assembly Bill No. 27 ("**AB X1 27**"). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are 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 (as amended from time to time, collectively, the "**Dissolution Act**").

Pursuant to Section 34173 of the Dissolution Act, the City is the successor agency to the Former Agency. By Resolution No. 12-003, adopted by the City Council on January 9, 2012, the City elected to be the Successor Agency to the Former Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Redevelopment Plan

On December 20, 1971, the City Council, pursuant to Ordinance No. 71-205 of the City, approved and adopted the Redevelopment Plan for Project Area No. 1 (the "Redevelopment Plan"). On February 4, 1974, the City Council, pursuant to Ordinance No. 74-288 of the City,



approved and adopted an amendment to the Redevelopment Plan which deleted certain territory from Project Area No. 1 (the resulting area being referred to herein as the "Original Area"). On July 16, 1984, the City Council, pursuant to Ordinance No. 84-696 of the City, approved and adopted an amendment to the Redevelopment Plan (the "1985 Amendment") which added territory to Project Area No. 1 (the "1985 Amendment Area"). The text of the 1985 Amendment did not affect and made no changes to the Redevelopment Plan with respect to the Original Area of Project Area No. 1. On January 5, 1987, the City Council, pursuant to Ordinance No. 86-766 of the City, which established limitations in connection with the Redevelopment Plan for the territory included within the Original Area of Project Area No. 1 pursuant to Health and Safety Code Section 33333.4. On November 15, 1994, the City Council adopted Ordinance No. 94-1045, which implemented additional limitations required by Assembly Bill 1290, including a time limit to incur debt and receive tax increment revenues from the Original Area and the 1985 Amendment Area. On June 4, 1996, the City Council adopted Ordinance No. 96-1090, which approved and adopted an amendment to the Redevelopment Plan (the "1997 Amendment"), which, among other things, amended the Redevelopment Plan to once again add territory to Project Area No. 1 (the "1997 Amendment Area"), and the plans for all three areas were updated and consolidated into one plan document, the Amended and Restated Redevelopment Plan (the "**Redevelopment Plan**"). The Original Area, the 1985 Amendment Area and the 1997 Amendment Area are collectively referred to herein as the "**Project Area.**"

The Project Area consists of approximately 2,263 acres and includes industrial, commercial office and retail uses. Residential uses are minimal and much of that contained within the boundaries of the Project Area are apartments as opposed to single family homes or condominiums. See APPENDIX D — "FISCAL CONSULTANT'S REPORT" hereto.

Tax Allocation Financing

Prior to the enactment of AB X1 26 on June 29, 2011, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations. The Refunded Bonds are secured by a pledge of certain tax increment revenues allocated to the Project Area. After the issuance of the Series 2014A Bonds, the Refunded Bonds will no longer be Outstanding, as that term is defined in the Indenture.

Section 34177.5(a) of the Law authorizes the issuance of refunding bonds, including the Series 2014A Bonds, to be secured by a pledge of, and lien on, Pledged Tax Revenues created by the Indenture. Pursuant to Section 34177.5(g) of the Law, the Series 2014A Bonds are further secured by a pledge of and lien on certain monies deposited from time to time in the Redevelopment Property Tax Trust Fund (the "**Redevelopment Property Tax Trust Fund**") administered by the Auditor-Controller of Los Angeles County (the "**County Auditor-Controller**"). Provided that the Successor Agency has complied with certain of its covenants relating to the timely submission of applicable recognized obligation payment schedules



approved by the State Department of Finance (the "**Recognized Obligation Payment Schedules**" or "**ROPS**"), the County Auditor-Controller is required by Section 34183(a)(2) of the Law to remit from Pledged Tax Revenues to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170(b) of the Law amounts required to pay debt service on the Series 2014A Bonds, plus any amount required to meet any deficiency in the Reserve Fund. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS".

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

Security for the Series 2014A Bonds

Section 34182(c)(2) of the Law requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund. Section 34177.5(g) of the Law provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS").

Section 34177.5(g) of the Law further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Law, such as the Series 2014A Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

Reserve Account

In order to further secure the payment of the principal of and interest on the 2014A Bonds, the Reserve Account in the Special Fund established by the Indenture, to be additionally funded from proceeds of the Series 2014A Bonds in an amount sufficient, when added to prior deposits of amounts in the Reserve Account will cause the balance in the Reserve Account to equal the Reserve Account Requirement as defined in the Indenture (the "**Reserve Account Requirement**"). The Reserve Account Requirement as of the Delivery Date is the amount of \$ _____, of which \$ _____ is funded with proceeds of the Series 2014A Bonds. See "SECURITY FOR THE BONDS - Reserve Account".

Bond Insurance

The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.



The County and the County Auditor Controller

Pursuant to Section 34170.5(a) of the Law, the County Auditor-Controller is required to establish, maintain and administer the Carson Redevelopment Property Tax Trust Fund on behalf of the Successor Agency and on behalf of holders of Successor Agency enforceable obligations (e.g. bondholders). In its capacity as administrator of the Redevelopment Property Tax Trust Fund, the County Auditor-Controller is required to deposit into the Redevelopment Property Tax Trust Fund all of the property taxes (formerly tax increment) that comprise Pledged Tax Revenues, and to disburse from the Redevelopment Property Tax Trust Fund all amounts authorized pursuant to a Recognized Obligation Payment Schedule approved by the State Department of Finance (e.g. debt service on the Bonds). As such, the County Auditor-Controller plays an important role in ensuring the full and timely payment of debt service on the Series 2014A Bonds. See "BONDOWNERS' RISKS-Certain Uncertainties Regarding Dissolution Act".

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Series 2014A Bonds and as Escrow Agent with respect to the Refunded Bonds. Barthe & Wahrman PA, Minneapolis, Minnesota will act as Verification Agent with respect to the Refunded Bonds. DHA Consulting, LLC has acted as Fiscal Consultant to the Successor Agency and has prepared a report (set forth in "APPENDIX D" hereto) on projected taxable values and anticipated Pledged Tax Revenues. C.M. de Crinis & Co., Inc., Glendale, California, has served as Financial Advisor to the Successor Agency in connection with the Series 2014A Bonds and has assisted the Successor Agency in structuring the Series 2014A Bonds.

All proceedings in connection with the issuance of the Series 2014A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, and Aleshire & Wynder LLP, Irvine, California, Co-Bond Counsel. Orrick, Herrington & Sutcliffe LLP is also tax counsel. Aleshire & Wynder currently serves as legal counsel to the Successor Agency, and provides general legal services to the Successor Agency with respect to redevelopment matters. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriters by Nossaman LLP, Irvine, California, as Underwriters' Counsel. The fees and expenses of Co-Bond Counsel, Disclosure Counsel and the Financial Advisor are contingent upon the sale and delivery of the Series 2014A Bonds.

Summaries of Documents

This Official Statement includes descriptions of the Series 2014A Bonds, the Indenture, the Successor Agency, the City, the Project Area, the Law, and various agreements. The descriptions and summaries of documents do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements are qualified in their entirety by reference to each document and, with respect to certain rights and remedies, to laws and principles of equity relating to creditors' rights generally. Undefined capitalized terms shall have the meanings set forth in the Indenture. Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

This Official Statement speaks only as of its date, as set forth on the cover, and the information and expressions of opinion are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Series 2014A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or the City or the Project Area since the date set forth on the cover.

Continuing Disclosure

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Successor Agency has undertaken for the benefit of holders of the Series 2014A Bonds to provide financial information and operating data relating to the Successor Agency by not later than February 1 after the end of each Fiscal Year commencing with February 1, 2015, (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events. The Successor Agency has engaged DHA Consulting to assist it in complying with its continuing disclosure obligations. The Annual Information will be filed by the Successor Agency or on behalf of the Successor Agency by the Trustee, with the Electronic Municipal Market Access system of the Municipal Securities Rule Making Board ("EMMA"). The nature of the information to be provided in the Annual Information and the notices of material events is set forth under the caption "APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Successor Agency has met all previous filing requirements under other such continuing disclosure certificates or agreements. **[confirm]**



THE REFINANCING PLAN

Use of Series 2014A Bond Proceeds

Proceeds from the sale of the 2014A Bonds, together with certain other available moneys, will be used to (i) refund the Refunded Bonds, (ii) fund a subaccount of the Reserve Account for the Series 2014A Bonds and (iii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds. The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of sale of the Series 2014A Bonds.

Plan of Refunding

With respect to the Project Area, the Former Agency had previously issued the Refunded Bonds, as follows:

- The Series 2003A Bonds issued in the principal amount of \$3,155,000 and outstanding on the date hereof in the principal amount of \$1,540,000; and
- The Series 2003B Bonds issued in the principal amount of \$32,495,863 and outstanding on the date hereof in the principal amount of \$32,260.863, of which \$26,850,000 will be refunded with proceeds of the Series 2014A Bonds.

Concurrently, with the issuance of the Series 2014A Bonds, the Successor Agency will enter into an Escrow Agreement with The Bank of New York Mellon Trust Company, N.A., as escrow agent for the Refunded Bonds (the "Escrow Agreement"). Amounts deposited in the respective escrow funds established under the Escrow Agreement will be held uninvested or will be invested solely in full faith and credit obligations of the United States, the principal of and interest on which, together with any available cash to be held uninvested, and will be verified by Bathe & Wahrman PA, Minneapolis, Minnesota (the "**Verification Agent**"), to be sufficient to pay the redemption prices of the Refunded Bonds together with interest accrued to the dates fixed for redemption of the Refunded Bonds. As a result of the deposit and application of funds as provided in the Escrow Agreement, the lien securing payment of the Refunded Bonds, assuming the accuracy of the verified computations, will be defeased and all obligations with respect thereto will be discharged.

Sources and Uses of Funds

The following table shows the estimated sources and uses of the proceeds from the sale of the Series 2014A Bonds and certain other moneys:

Sources:

Principal Amount of Bonds

Plus: Refunded Bonds Available Funds*Less:* Underwriter's Discount*Plus:* Original Issue Premium/*Less:* Original Issue Discount**Total Sources****Uses:**

Reserve Account

Series 2003A Bonds Escrow Fund

Series 2003B Bonds Escrow Fund

Costs of Issuance Account ⁽¹⁾**Total Uses**

- (1) Costs of Issuance include fees and expenses for Co-Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Trustee, Successor Agency Counsel, printing expenses, rating agency fees and other costs related to the issuance of the Series 2014A Bonds.

Annual Debt Service

The following table shows the scheduled annual debt service for the Series 2014A Bonds.

Bond Year Ending	Principal	Interest	Annual Debt Service
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THE SERIES 2014A BONDS

Authority for Issuance

The Series 2014A Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Dissolution Act (together, the "Law") and the Refunding Law. The Indenture consists of an Indenture, dated as of December 1, 1992, as amended by a First Supplemental Indenture, dated as of December 1, 1993, each by and between the Former Agency and Bank of America National Trust and Savings Association, as predecessor trustee, as amended and supplemented by a Second Supplemental Indenture, dated as of June 1, 2001, by and between the Former Agency and U.S. Bank Trust National Association, as predecessor trustee, as supplemented by a Third Supplemental Indenture, dated as of January 1, 2003, and by a Fourth Supplemental Indenture, dated as of December 1, 2003, each by and between the Former Agency and BNY Western Trust Company, as predecessor trustee, as supplemented by a Fifth Supplemental Indenture, dated as of May 1, 2009, by and between the Former Agency and the Trustee and a Sixth Supplemental Indenture, dated as of _____, 2014 (the "Sixth Supplemental Indenture"), relating to the Series 2014A Bonds by and between the Successor Agency and Trustee.

The issuance of the Series 2014A Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No.13-27, adopted on December 17, 2013 (the "**Resolution**"), and approved by the Oversight Board for the Successor Agency (the "**Oversight Board**") pursuant to Resolution No. OBSA14-11, adopted on January 9, 2014 (the "**Oversight Board Resolution**").

On _____, 2014, the State Department of Finance ("**DOF**") provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Series 2014A Bonds is approved by the DOF. Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the Department of Finance, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by the Department of Finance or the California State Controller. See "APPENDIX H – State Department of Finance Approval Letter."

The Series 2014A Bonds are issued on a parity with \$7,900,000 outstanding principal amount of the Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2001 (the "**Series 2001 Bonds**"), \$540,000 initial amount (\$20,550,000 maturity amount) of the Unrefunded Series 2003B Bonds and \$21,275,000 outstanding principal amount of the Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2009A (the "**Series 2009 Bonds**"). The Series 2014A Bonds are special obligations of the Successor Agency and as such are not a debt of the City, the State, or any of their political subdivisions, and neither the City, the State, nor any of their political subdivisions is liable for their payment. In no event shall the Series 2014A Bonds be payable out of any funds or properties other than those of the Successor Agency as set forth in

the Indenture. The Series 2014A Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limit or restriction. For a discussion of certain of the risks associated with the purchase of the Series 2014A Bonds, see "BONDOWNERS' RISKS" herein. The Successor Agency has no taxing powers.

Description of the Series 2014A Bonds

The Series 2014A Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof and will be dated their date of delivery. The Series 2014A Bonds mature on the respective dates and bear interest at the respective rates per annum set forth on the inside cover page. Interest on the Series 2014A Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2014 (collectively, the "Interest Payment Dates").

Interest on the Series 2014A Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. The Series 2014A Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the fifteenth day of the month next preceding the first Interest Payment Date, in which event they shall bear interest from their Dated Date; provided, however, that if, at the time of registration of any Series 2014A Bond, interest is then in default on the Outstanding Series 2014A Bonds, such Series 2014A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2014A Bonds. Payment of interest on the Series 2014A Bonds due on or before the maturity or prior redemption of such Series 2014A Bonds shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof, as of the close of business on the 15th day of the month next preceding the Interest Payment Date, such interest to be paid by check mailed on each Interest Payment Date by first class mail to such registered owner at his address as it appears on such books, or, upon written request received by the Trustee prior to the fifteenth day of the month preceding an Interest Payment Date, of an Owner of at least \$1,000,000 in aggregate principal amount of Series 2014A Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Principal of and redemption premiums, if any, on the Series 2014A Bonds shall be payable upon the surrender thereof at maturity or the earlier redemption thereof at the corporate trust office of the Trustee. Principal of and redemption premiums, if any, and interest on the Series 2014A Bonds shall be paid in lawful money of the United States of America.

The Series 2014A Bonds will be issued as one fully registered Series 2014A Bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "DTC"). DTC will act as securities depository of the Series 2014A Bonds. Individual purchases may be made in book-entry form only, in the principal multiples of \$5,000. Purchasers will not receive certificates representing their interest in the Series 2014A Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2014A Bonds as described herein. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" herein.

Redemption*

Optional Redemption. The Series 2014A Bonds due on or before October 1, 2024 shall not be subject to redemption before their respective stated maturities. Series 2014A Bonds maturing on or after October 1, 2025 shall be subject to redemption, as a whole or in part, as designated by the Successor Agency, or, absent such designation, pro rata among maturities, and by lot within any one maturity if less than all of the Series 2014A Bonds of a single maturity are to be redeemed, prior to their respective maturity dates, at the option of the Successor Agency, on any date on or after October 1, 2024, from funds derived by the Successor Agency from any source, at the redemption price of the principal amount of Series 2014A Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2014A Term Bonds maturing on October 1, 20__, are subject to mandatory redemption, in part by lot on October 1 in each year, commencing October 1, 20__, and the Series 2014A Term Bonds maturing on October 1, 20__ shall be subject to mandatory redemption in part by lot in each year, commencing October 1, 20__, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts and in the respective years as set forth in the following tables; provided, however, that if some but not all of the Term Series 2014A Bonds of a maturity have been redeemed pursuant to other redemption provisions of the Indenture, the total amount of all applicable future Sinking Account payments described below with respect to such maturity shall be reduced by the aggregate principal amount of such Term Series 2014A Bonds so redeemed, to be allocated among the applicable Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee):

* Preliminary; subject to change.

Series 2014A
Term Bonds Maturing October 1, 20__

Sinking Fund Redemption Date	Principal Amount to be Redeemed

Series 2014A
Term Bonds Maturing October 1, 20__

Sinking Fund Redemption Date	Principal Amount to be Redeemed

Redemption Provisions

Purchase in Lieu of Redemption. In lieu of redemption of any Term Bond, amounts on deposit in the Special Fund established by the Indenture or in the Sinking Account therein may also be used and withdrawn by the Trustee at any time, upon the request of the Successor Agency, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Principal Payment Date in any year will be credited towards and will reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

Notice of Redemption. Notice of redemption shall be mailed by first class mail by the Trustee, on behalf and at the expense of the Successor Agency, not less than 30 nor more than 60 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Successor Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number-(if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the



redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so mailed shall not affect the sufficiency of the proceedings for redemption.

Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds maturing on any one date are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds maturing on such date not previously selected for redemption, by lot in any manner which the Trustee deems fair; provided, however, that if less than all the outstanding Term Bonds of any maturity are called for redemption at any one time, upon the written direction from the Agency, the Trustee shall specify a reduction in any Sinking Account Installment payments required to be made with respect to such Bonds (in an amount equal to the amount of Outstanding Term Bonds to be redeemed) which, to the extent practicable, results in approximately equal annual debt service on the Bonds Outstanding following such redemption.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given as provided in the Indenture and funds are available for the payment of such redemption price of the Bonds called for redemption, no interest will accrue on such Bonds from and after the redemption date specified in such notice.

Registration, Transfer and Exchange

Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds is surrendered for transfer, the Successor Agency will execute and the Trustee will authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of other authorized denominations. The Trustee will require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Trustee will shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Successor Agency is not required to issue, register the transfer of or exchange any Bond during the fifteen (15) days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have been selected for redemption.

Book-Entry Only System



The Depository Trust Company ("DTC") will act as securities depository for the Series 2014A Bonds. The ownership of each such separate single fully registered Series 2014A Bond shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. For further information regarding DTC, please refer to "APPENDIX G" hereto.

THE DISSOLUTION ACT

Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended, contain provisions concerning the rights and obligations of the Successor Agency and others with respect to the dissolution of the Former Agency. Parts 1.8 and 1.85 are referred to herein as the "**Dissolution Act**".

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund established and administered by the County Auditor-Controller on behalf of the Successor Agency for the benefit of the holders of enforceable obligations. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that certain property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Series 2014A Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

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

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the 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 to the Project Area, as applicable (each,



a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/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 Plan Limit following the Delivery Date, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Law provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Law for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Law effectively eliminates the January 1, 1989 date from paragraph (b) above.



SECURITY FOR THE BONDS

Pledged Tax Revenues

All the Pledged Tax Revenues in the Redevelopment Obligation Retirement Fund, and all money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Successor Agency or the Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of the Bonds, and the Pledged Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Pledged Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof.

Pledged Tax Revenues also secure on a parity payment of debt service payable on \$7,900,000 currently outstanding principal amount of the Series 2001 Bonds, \$540,000 initial amount (or \$20,500.00 maturity amount) of the Unrefunded Series 2003B Bonds and \$21,275,000 currently outstanding principal amount of the Series 2009A Bonds.

The term "**Bonds**" includes the Series 2014A Bonds, the Series 2001 Bonds, and the Unrefunded Series 2003B Bonds, the Series 2009A Bonds and any Additional Bonds. See "Issuance of Additional Bonds" below.

The term "**Pledged Tax Revenues**" The term "Pledged Tax Revenues" means, for each Bond Year (as defined in the Indenture), the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Former Agency pursuant to the Law in connection with the Project Area, as provided in the Redevelopment Plan (excluding (1) amounts, if any, received by the Former Agency pursuant to Section 16111 of the Government Code; and (ii) amounts payable to taxing agencies pursuant to Section 33607.5 of the Law, except to the extent that such payments are subordinated pursuant to Subsection (e) of such Section 33607.5). "Pledged Tax Revenues" include amounts deposited by the Former Agency in the Housing Fund pursuant to Section 33334.2 or Section 33334.6 of the Law, as provided in the Redevelopment Plan, but only to the extent such amounts are used to pay principal or interest or other financing charges with respect to bonds or other obligations issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area. Pledged Tax Revenues additionally includes monies 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 Dissolution Act. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Pursuant to the Dissolution Act, Pledged Tax Revenues are no longer required to be deposited into the RDA Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Law (the "Prior Housing Deposit"). Accordingly, Pledged Tax Revenues shall be reduced by the amount not greater than the Project Area's portion of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service.

With respect to the exclusion of the "Pro Rata Share of Housing Debt Service in the definition of "Pledged Tax Revenues", the "Pro Rata Share of Housing Debt Service" is equal to the percentage of debt service on Housing Bonds (as defined in the Indenture) in the current Bond Year calculated by dividing the gross amount of taxes collected by the County pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year divided by the sum of (i) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year plus (ii) the gross amount of taxes collected by the County pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Merged and Amended Project Area, as defined in the Indenture and plus (iii) the amount of taxes allocated to, and received by, the Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to Redevelopment Project Area No. 4, as defined in the Indenture, in the last completed Fiscal Year. For the purpose of this calculation, the gross amount of taxes collected refers to taxes deposited by the County into the Redevelopment Property Tax Trust Fund prior to deducting pass through payment obligations or administrative fees charged by the County or the State of California. A reduction in gross taxes received by the County for the Merged and Amended Project Area or for Redevelopment Project Area No. 4 (due to a reduction of taxable values in such project area) could cause the Pro Rata Share of Housing Debt Service for the Project Area to increase.

For an analysis of the application of the Pro Rata Share of Housing Debt Service described above, see the column "Pro Rata Housing Debt Svc" in Table 8.

Pledge of Former Housing Set Aside

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. Accordingly, Pledged Tax Revenues are not subject to such set aside requirement and, except for the Pro Rata Share of Housing Debt Service, amounts formerly required to be set aside for such purpose are included in Pledged Tax Revenues pledged to the payment of debt service on the Bonds.

Flow of Funds under the Indenture

Redevelopment Obligation Retirement Fund. Pursuant to Section 34170.5 (b) of the Law, the Successor Agency has established a special fund known as the "Redevelopment Obligation Retirement Fund" which is held by the Successor Agency. The Successor Agency shall promptly deposit all of the Pledged Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund. All Pledged Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited in the Redevelopment Obligation Retirement Fund to pay debt service on the Bonds, including the Series 2014A Bonds, during such Bond Year pursuant to the preceding sentence shall be released from the pledge and lien under the Indenture. So long as any Bonds remain Outstanding under the Indenture, the Successor Agency shall not have any beneficial interest in or right to the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture.

Special Fund. The Indenture establishes a special fund to be known as the "Redevelopment Project Area No. 1 Tax Allocation Bonds Special Fund" (the "Special Fund") which shall be held by the Trustee. On or before fifteen (15) days preceding each Interest



Payment Date, the Successor Agency shall transfer from the Redevelopment Obligation Retirement Fund to the Trustee for deposit in the Special Fund an amount equal to the amount required to be transferred by the Trustee from the Special Fund to the Interest Account, Principal Account, Sinking Account and Reserve Account pursuant to the Indenture.

All such Pledged Tax Revenues deposited in the Redevelopment Obligation Retirement Fund shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Successor Agency.

Establishment and Maintenance of Accounts for Use of Moneys in the Special Fund. All moneys in the Special Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Special Fund (each of which is created under the Indenture and each of which the Trustee hereby covenants and agrees to cause to be maintained):

- (1) Interest Account;
- (2) Principal Account;
- (3) Sinking Account; and
- (4) Reserve Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Indenture. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Reserve Account

On the date of delivery of the Series 2014A Bonds, an additional deposit will be made into the Reserve Account established by the Indenture from the proceeds of the Series 2014A Bonds in an amount which, when added to the amounts in the Reserve Account deposited with respect to the Series 2001 Bonds, the Unrefunded Series 2003B Bonds and the Series 2009 Bonds, will equal the amount of the Reserve Account Requirement. "Reserve Account Requirement" means, as of any calculation date an amount equal to the least of (i) 10% of the proceeds (within the meaning of Section 148 of the Code) of all Bonds Outstanding with respect to which Annual Debt Service (as defined in the Indenture) is calculated, (ii) 125% of Average Annual Debt Service of such Bonds or (iii) Maximum Annual Debt Service of such Bonds.

All money in (or available to) the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. The term "Bonds" is defined in the Indenture to include all Additional Bonds, namely, the Series 2001 Bonds, the Unrefunded Series 2003B Bonds, the Series 2014A Bonds and any future Additional Bonds. See APPENDIX A-SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Reserve Account" [Confirm]

With the written consent of the Bond Insurer, if any, the Reserve Account Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Instrument (as defined in the Indenture) or any combination thereof, which in the aggregate makes funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. So



long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon written request of the Successor Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Successor Agency. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Issuance of Additional Bonds

If then authorized by Law, the Successor Agency may at any time after the issuance of the Series 2014A Bonds under the Indenture issue Additional Bonds payable from the Pledged Tax Revenues and secured by a lien and charge upon the Pledged Tax Revenues equal to and a parity with the lien and charge securing the outstanding Bonds issued under the Indenture, but only subject to specific conditions, including a requirement that the Pledged Tax revenues based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the Successor Agency's adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds, plus at the option of the Successor Agency the Additional Revenues, will be in an amount equal to at least one hundred twenty percent (120%) of the Maximum Annual Debt Service on all outstanding Parity Obligations and such Additional Bonds and any unsubordinated loans, advances or indebtedness payable from Pledged Tax Revenues.

Notwithstanding the paragraph above, so long as the Series 2003A Bond Insurance Policy (as defined in the Indenture) and the Series 2003B Bond Insurance Policy (as defined in the Indenture) remain in full force and effect, the Successor Agency may not issue any Additional Bonds unless, at the time of issuance of such Additional Bonds, Pledged Tax Revenues is at least one hundred twenty-five percent (125%) of Maximum Annual Debt Service in each Bond Year on all outstanding Parity Obligations during such time as Pledged Tax Revenues are available from the Original Area (under current law until December 2024) and one hundred thirty percent (130%) of Maximum Annual Debt Service on all outstanding Parity Obligations until the final maturity of the Parity Obligations.

Additionally, so long as the Series 2003A Bond Insurance Policy and the Series 2003B Bond Insurance Policy remain in full force and effect, the Successor Agency may not issue any Additional Bonds unless, at the time of the issuance of such Additional Bonds, Pledged Tax Revenues (calculated based on (i) the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds, and (ii) the following assumptions: (A) a 1% tax rate, (B) maximum unsubordinated pass-through payments, (C) no development growth in the Project Area, (D) Pledged Tax Revenues is reduced by the sum of the outstanding assessment appeals in the Project Area multiplied by the settlement rate, which settlement rate shall be the average percentage of success of the prior appeals by the taxpayer resolved over the prior three year period and (E) Pledged Tax Revenues shall not include the revenues generated from the 1997 Amendment Area until there have been five successive years of increases in assessed valuation) is at least equal to 1.20 times Annual Debt Service in each Bond Year prior to the final maturity of such Additional Bonds. See APPENDIX A - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." Also see "PROJECT AREA - Owner Participation Agreement: The Boulevards at South Bay Project."

Recognized Obligation Payment Schedules or ROPS



The Dissolution Act provides that only "enforceable obligations" listed on a Recognized Obligation Payment Schedule approved by the State Department of Finance may be paid by a successor agency. The Dissolution Act defines "enforceable obligation" as 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.

The Dissolution Act defines "Recognized Obligation Payment Schedule" as the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Law.

In order to ensure the full and timely payment of all enforceable obligations, including the payment of all amounts required under the Indenture, the Dissolution Act requires each successor agency to submit a Recognized Obligation Payment Schedule to the successor agency's oversight board and the State Department of Finance not less than 90 days prior to each January 2 and June 1 pursuant to which all enforceable obligations of the successor agency are listed, together with the source of funds to be used to pay such obligations.

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (not applicable with respect to the Series 2014A Bonds) and no later than each January 2 and June 1, to each local successor agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations (see "REDEVELOPMENT PROJECT AREA NO.1-Tax Sharing Agreements-Tax Sharing Statutes");

(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 scheduled to be made for tax allocation bonds, such as the Series 2014A 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 Successor Agency covenants in the Indenture that it will punctually pay the principal of and interest and redemption premiums, if any, as such become due with respect to the Bonds, but only from Pledged Tax Revenues and will comply with all requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, the Successor Agency will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indenture to replenish the Reserve Account, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, plus the deposits required, to the extent Pledged Tax Revenues are available from the Project Area, to fund the payments on outstanding Bonds on October 1 in the then current bond year. These 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 necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period.

The Successor Agency has a proven track record of submitting every Recognized Obligation Payment Schedule on time, as follows.

	Funding Period	ROPS Approved by Oversight Board	Approved ROPS Submitted to DOF	Deadline to Submit ROPS to DOF	ROPS Submitted On Time
ROPS I	Jan-Jun 2012	May 14, 2012	April 19, 2012 CSA- May 15, 2012 OB	April 15, 2012	(1)
ROPS II	Jul-Dec 2012	May 14, 2012	May 15, 2012	Jun 1, 2012	yes
ROPS III	Jan-Jun 2013	August 13, 2012	August 27, 2012	Sep 1, 2012	yes
ROPS 2013-14A	Jul-Dec 2013	February 27, 2013	February 27, 2013	Mar 1, 2013	yes
ROPS 2013-14B	Jan-Jun 2014	September 24, 2013	September 24, 2013	Oct 1, 2013	yes

⁽¹⁾Successor Agency Approved April 17, 2012; Oversight Board's first meeting—May 8, 2012
Oversight Board ratified the SA April 17, 2012 action on May 14, 2012.

Further, there are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the State Department of Finance at least 90-days prior to each January 2 and June 1, then the City will be subject to a \$10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the State Department of Finance at least 80-days prior to each January 2 and June 1, then the Successor Agency's administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late



Recognized Obligation Payment Schedules and implications thereof on the Series 2014A Bonds, see "BONDOWNER' RISKS – Recognized Obligation Payment Schedules."



THE SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

The Former Agency was activated on September 20, 1971, by the City Council of the City with the adoption of Ordinance No. 71-196, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 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, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Law, the City Council of the City became the Successor Agency to the Former Agency. By Resolution No. 12-003, adopted by the City Council on January 9, 2012, the City elected to be the Successor Agency to the Former Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Law, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Members and Officers

The members of the Successor Agency governing body are the elected mayor and elected members of the Carson City Council. The Council Members and the expiration dates of their terms are as follows:

Name and Office	Term Expires
Jim Dear, Mayor	March 2017
Elito M. Santarina, Mayor Pro Tem	March 2015
Lula Davis-Holmes, Council Member	March 2015
Mike A Gibson, Council Member	March 2017
Albert Robles, Council Member	March 2017

The Secretary and Treasurer of the Successor Agency are the elected City Clerk and the elected City Treasurer of the City. The City Manager and his authorized designees constitute the staff of the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in the five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former

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

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the Department of Finance will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved RDA and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion by letter dated August 9, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and Finance will review these plans as submitted on a rolling basis.

The Successor Agency submitted its Long Range Property Management Plan and received Department of Finance approval by letter dated October 23, 2013.

Successor Agency Fiduciary Fund

Set forth in APPENDIX B is the Fiscal Year 2012-13 financial statement with respect to the Successor Agency Fiduciary Fund which is excerpted from the audited City of Carson, California, Year End June 30, 2013 Comprehensive Annual Financial Report.

Successor Agency's Other Project Areas

The Successor Agency has established four redevelopment project areas in the City. The Redevelopment Project Area No. 1 is the subject of this financing. The other project areas of the Successor Agency are described below.

In June of 1996, the City Council approved Ordinance No. 96-1091, which adopted the Merged and Amended Redevelopment Plan, bringing together the redevelopment plans for Project Area No. 2 ("**Project Area No. 2**") and Project Area No. 3 ("**Project Area No. 3**"), and

adding the northeast corner of Sepulveda Boulevard and Alameda Street to that Merged and Amended Redevelopment Plan. The Merged and Amended Project Area contains an estimated 1,430 acres and covers portions of east and south Carson along Carson Street, Alameda Street, 223rd Street, Avalon Boulevard, Sepulveda Boulevard, Lomita Boulevard, Wilmington Avenue, and Main Street. The Project Area No. 2 component was originally adopted in 1974, and later amended to add territory in 1975, 1982 and 1996. Project Area No. 2 contains approximately 730 acres and includes a 500-acre business park, residential neighborhoods, and various commercial, industrial and public properties. Project Area No. 3, which was originally adopted in 1984, and amended in 1996 to add territory to the project. Project Area No. 3 covers approximately 700 acres, focusing mainly on heavy industrial land uses along the corridors of Carson and Alameda Streets. The other component of the Merged and Amended Project is the additional approximately 65 acres of industrial and retail uses at the northeast corner of Sepulveda Boulevard and Alameda Street.

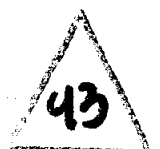
The City Council of the City adopted Ordinance 02-1254 on July 16, 2002 officially establishing Redevelopment Project Area No. 4 ("**Project Area No. 4**"). Project Area No. 4 is generally 11 non-contiguous areas totaling 1,231 acres located mostly in the center of the City. Project Area No. 4, when combined with Project Area No. 1, puts the entire Carson Street corridor into a redevelopment project area. In June of 2006 the Successor Agency adopted the Carson Street Master Plan (CSMP) for Carson Street between the I-405 freeway to the east and the I-110 freeway to the west. The CSMP, among other things, established design guidelines for this area with the aim of facilitating and stimulating both private and public sector investment along the Carson Street corridor. In 2014 the city will be implementing certain public improvements within the public right-of-way along the corridor. These improvements will include: street widening, directional monuments, street signals, curb and gutter, center median improvements, landscaping, etc., and will help effectuate the CSMP.

Consolidation of all Project Areas into a Single Project Area

Pursuant to Ordinance No. 10-1459, adopted October 11, 2010, the City Council, among other things, approved the "2010 Amendment" which amended the redevelopment plans for the Project Area, together with the Merged and Amended Project Area and Project Area No. 4, to create the Carson Consolidated Project Area.

In Ordinance No. 10-1459 the City Council determined, among other things, that consolidation of the Project Areas assisted in the elimination of significant blighting conditions that remain in the Carson Consolidated Project Area, assisted in preventing the reoccurrence of such remaining blighting conditions, and enabled the Former Agency to fully achieve the goals and objectives for redevelopment of the Carson Consolidated Project Area pursuant to the Redevelopment Plan as amended by the 2010 Amendment. The City Council further determined that the adoption and carrying out of the 2010 Amendment was economically sound and feasible because the merger of Project Areas allowed the Former Agency greater flexibility in the use of its tax-increment revenues and that in the absence of merging the Project Areas, the Former Agency did not have the financial resources to address blight in each subarea if they remained as separate project areas.

Pursuant to the former Redevelopment Law, the debt of a project area that is merged with one or more other project areas remains an obligation payable solely by the tax increment revenue generated in such original project area.



REDEVELOPMENT PROJECT AREA NO. 1

Redevelopment Plan

Under the Redevelopment Law, once a redevelopment agency was activated by a city council, the city council was authorized to adopt, by ordinance, a redevelopment plan for a redevelopment project. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a "plan" in the customary sense of the word.

The overall objective of the Redevelopment Plan was to eliminate blighted conditions in the Project Area by undertaking all appropriate projects pursuant to the Redevelopment Law. The general objective was to encourage investment in the Project Area by the private sector, to eliminate blighted conditions and to upgrade the quality of the community. The Redevelopment Plan provided for the acquisition of property, the demolition of buildings and improvements, the relocation of any displaced occupants, and the construction of streets, parking facilities, utilities and other public improvements. The Redevelopment Plan also allowed the redevelopment of land by private enterprise, the rehabilitation of structures, the rehabilitation or construction of low and moderate income housing, and participation by owners and the tenants of properties in the Project Area. However, under the Dissolution Act, the Successor Agency is prohibited from undertaking any new redevelopment activities pursuant to the Redevelopment Plan.

The Original Area was adopted in 1971, by the approval of Ordinance No. 71-205, and as amended in 1975, covers approximately 762 acres primarily in the center of the City. As described below, in 1984 and 1996 the Project Area was expanded by 1,000 acres to include the Carson Street corridor, refinery operations, and a portion of northwest Carson. The Project Area is configured generally in the shape of an "L", with its vertical extension bound by Alondra Boulevard on the north, Figueroa Street on the west, and Main Street on the east, and its horizontal extension bound by Del Amo Boulevard on the north, Carson Street on the south, Figueroa Street on the west, and Wilmington Avenue on the east.

Prior to the City's incorporation in 1968, the Carson area was developed in an inconsistent pattern of agricultural, residential, commercial and industrial uses. A primary objective for incorporation was to facilitate the establishment and enforcement of zoning ordinances to upgrade and protect the area. The Agency was created in 1971, in keeping with this objective, and specifically to serve as a tool by which to eliminate blighted conditions and prevent the further spread of blight through redevelopment as provided for in the Redevelopment Law.

In December 1971, the Agency's first project became a reality with the adoption of a redevelopment plan for the Project Area. The Project Area is characterized by irregular boundaries and is accessible by the San Diego Freeway (Interstate 405) and several other principal thoroughfares. Prior to redevelopment, the Project Area consisted mainly of large, unimproved lots with numerous auto salvage users. Since then, the Agency's redevelopment efforts in the Project Area have resulted in the development of the \$40 million South Bay Pavilion Shopping Center, the Dunn Industrial Park, and other private developments adjacent to the South Bay Pavilion and along Avalon Boulevard. The total Fiscal Year 2013-14 assessed value for the Project Area is almost \$1.7 billion.

The Project Area is principally composed of 450 industrial parcels, 218 commercial parcels, 272 residential parcels, and 142 vacant parcels under various ownerships.



Table 1 shows a breakdown of the amount of assessed valuation for fiscal year 2013-14 within the Project Area and within each subarea of the Project Area. The total fiscal year 2013-14 assessed value for the Project Area is approximately \$1.69 billion.

TABLE 1
Successor Agency to the Carson Redevelopment Agency
2013-14 Assessed Values
Redevelopment Project Area No. 1

	Project No. 1 Original	Project No. 1 1995 Amendment	Project No. 1 1997 Amendment	Total Project Area No. 1
Reported Assessed Values				
Secured				
Land	\$ 265,761,849	\$ 391,860,323	\$ 102,543,185	\$ 760,165,357
Improvements	258,794,200	366,975,891	136,911,622	762,681,713
Personal Property	5,769,381	4,081,108	7,173,529	17,024,018
Subtotal	530,325,430	762,917,322	246,628,336	1,539,871,088
Other Exemptions	(4,611,469)	(14,270,634)	(36,697,827)	(55,579,930)
Locally Assessed Secured	525,713,961	748,646,688	209,930,509	1,484,291,158
SBE Values	--	--	--	--
Secured Total	525,713,961	748,646,688	209,930,509	1,484,291,158
Unsecured				
Land	-	-	-	-
Improvements	20,738,841	46,349,961	5,569,495	72,658,297
Personal Property	28,286,740	103,544,730	4,880,903	136,712,373
Subtotal	49,025,581	149,894,691	10,450,398	209,370,670
Other Exemptions				
Unsecured Total	49,025,581	149,894,691	10,450,398	209,370,670
TOTAL VALUE	574,739,542	898,541,379	220,380,907	1,693,661,828
Percent of Total	33.93%	53.05%	13.01%	100.00%

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

Land uses in the Project Area consist of industrial, commercial office, and retail uses. Residential uses are minimal and much of that contained within the boundaries of the Project Area are apartments as opposed to single family homes or condominiums. Based on the Fiscal Consultant's Report, the total assessed value of industrial property in the Project Area in Fiscal Year 2013-14 is approximately \$764.6 million, or 45.1% of total assessed value of the Project Area. The total assessed value of commercial property in the Project Area in Fiscal Year 2013-14 is approximately \$541.4 million, or 32.0% of total assessed value of the Project Area. The total assessed value of residential property in the Project Area in Fiscal Year 2013-14 is approximately \$69.4 million, or 4.1% of total assessed value of the Project Area. Unsecured property comprises approximately 12.4% of total assessed value of the Project Area. Unsecured property in the Project Area is comprised largely of fixture and equipment value for commercial/industrial uses. For individual subareas within the Project Area, see "APPENDIX D — FISCAL CONSULTANT'S REPORT." Table 3.1 of the Fiscal Consultant's Report presents a summary of the assessed values in the Project Area broken down by land use.

TABLE 2
Successor Agency to the Carson Redevelopment Agency
Land Use Category Summary
Redevelopment Project Area No. 1

Category	No. of Assessments	2013-14 Value	Percentage
Residential	272	\$ 69,369,159	4.1%
Commercial	218	541,408,462	32.0
Industrial	450	764,624,102	45.1
Vacant Land	142	91,253,597	5.4
SBE Non-Unitary	-	-	0.0
Unsecured	1,025	209,370,670	12.4
Other	37	17,635,838	1.0
Total	2,144	\$1,693,661,828	100.0%

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

Original Area

The Redevelopment Plan for the Original Area of Project Area No. 1, was adopted in 1971 by the approval of Ordinance No. 71-205. This area was reduced in size by approval of Ordinance No. 74-288 adopted on February 4, 1974. The Original Area encompasses approximately 762 acres of retail, commercial, office, recreation, and public facilities land uses. Major properties within the Original Area include the South Bay Pavilion, Carson Civic Center, J.C. Penney's, Sears, and the planned Carson Marketplace property.

In January 1987, the City Council of the City of Carson in response to a change in the Redevelopment Law, adopted Ordinance 86-766 amending the Redevelopment Plan for the Original Area setting the required limitations for the Original Area. Ordinance 86-766 established a 30-year time limit to issue debt. It also limited the total number of tax increment dollars that the Agency is allowed to collect from the Original Area to \$352,188,117.

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend the life of the plan for the Original Area and the time period to collect tax increment revenues by one year. On October 9, 2006, in accordance with Section 33333.6(e)(2) of the Redevelopment Law (enacted by Senate Bill 211), the City Council adopted Ordinance No. 06-1362 to delete the Redevelopment Plan's limitations on the establishment of loans, advances and indebtedness and, accordingly, to extend the previously established January 1, 2004 deadline to issue debt to the plan expiration date under the plan for the Original Area. On May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1377 to extend by two years the life of the plan for the Original Area to December 20, 2014 and the time period to collect tax increment revenues to December 20, 2024. The Successor Agency's ability to collect tax increment revenues from the Original Area will cease on December 20, 2024, prior to the final maturity of the Series 2014A Bonds.



1985 Amendment Area

In July of 1984, the City Council approved Ordinance No. 84-696, amending the Redevelopment Plan to add territory to the Original Area. The 1985 Amendment Area added approximately 967 acres of commercial, residential, and industrial uses to the Original Area. Key properties within the 1985 Amendment Area include Prime Wheel Corporation which is a manufacturer of aluminum alloy wheels, a large commercial retail development along the Harbor freeway at Torrance Boulevard, with Super Kmart as the anchor tenant and various retail and restaurants in free standing pads, and various light industrial, commercial and office uses.

The 1985 Amendment set a limitation of \$500,000,000 (expressed in 1984 dollars, adjusted annually according to the Los Angeles-Long Beach Metropolitan Area Consumer Price Index LA-LBMA-CPI) as the amount of tax increment dollars that the Successor Agency may collect from the 1985 Amendment Area. The 1985 Amendment also set the limitation on the amount of outstanding bonded debt for the 1985 Amendment Area at \$160,000,000 (expressed in 1984 dollars, adjusted annually according to the LA-LBMA-CPI).

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend the life of the plan for the 1985 Amendment Area and the time period to collect tax increment revenues by one year. On October 9, 2006, in accordance with Section 33333.6(e)(2) of the Redevelopment Law (enacted by Senate Bill 211), the City Council adopted Ordinance No. 06-1362 to delete the Redevelopment Plan's limitations on the establishment of loans, advances and indebtedness and, accordingly, to extend the previously established July 16, 2004 deadline to issue debt to the plan expiration date under the plan for the 1985 Amendment Area. On May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1378 to extend by one year the life of the plan for the 1985 Amendment Area to July 16, 2026 and the time period to collect tax increment revenues to July 16, 2036.

1997 Amendment Area

On June 4, 1996, the City Council approved Ordinance No. 96-1090 amending the Redevelopment Plan to once again add territory to the Original Area. The 1997 Amendment added three non-contiguous areas totaling 534 acres to the already existing Project Area. This addition added more than 420 acres of industrial land use (78.6% of the added territory) and a small amount of commercial land use (5.5%).

Key properties within the 1997 Amendment Area include Shell Oil and Equilon sites, both of which are currently used for petroleum storage, and various light industrial and commercial uses.

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend by one year the life of the plan for the 1997 Amendment Area to August 16, 2027 and the time period to collect tax increment revenues to August 16, 2037.

Plan Limitations

In 1976, the Legislature enacted AB 3674 (Statutes of 1976, Chapter 1337) that added Section 33333.2, 33334.1 and 33354.6 to the Redevelopment Law. Section 33333.2 (now,



33333.4) requires redevelopment plans adopted on or after October 1, 1976, to contain a limit on the number of tax dollars which may be divided and allocated to a redevelopment agency pursuant to its redevelopment plan (except for plans or amendments adopted after 1994) (the "**Tax Increment Limitation**"), a time limit on the establishing of loans, advances and indebtedness to finance, in whole or in part, the redevelopment project and a time limit not to exceed twelve years for the commencement of eminent domain proceedings to acquire property within the project area.

Section 33334.1 requires a redevelopment plan adopted on or after October 1, 1976, to contain a limit on the amount of bonded indebtedness that can be outstanding at one time. Section 33354.6 provides that with respect to any amendment of a redevelopment plan (which provides for the allocation of taxes) to add new territory to a project area, the agency must follow the procedures and be subject to the same restriction as provided in the adoption of a new redevelopment plan.

In 1993, the Legislature enacted Chapter 942 (which is codified, in part, at Section 33333.6 of the Redevelopment Law), which established the following additional limits on redevelopment plans adopted prior to 1994 and to amendments to such plans which add new territory: (1) the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or plan amendment, or January 1, 2004, whichever is later; (2) the life of the existing redevelopment plan or amendment shall not exceed 40 years from the date of adoption or January 1, 2009, whichever is later; and (3) a redevelopment agency shall not pay indebtedness with tax increment beyond 10 years after its redevelopment plan or amendment expires except to fund deferred housing set-aside requirements of the Redevelopment Law and to repay indebtedness incurred prior to January 1, 1994.

Pursuant to Chapter 942, the City adopted Ordinance Nos. 94-1046 and 94-1047 on November 15, 1994, to provide for time limits of the Project Area as enumerated in Chapter 942.

Senate Bill No. 211 (Statutes of 2001 Chapter 741) provides a procedure by which any redevelopment plan adopted prior to January 1, 1994 may extend the current time limit to incur indebtedness of its plan or amendment to the expiration date of the plan or amendment. The statute allows the legislative body the ability to adopt required ordinances without having to follow normal, lengthy procedures to amend its redevelopment plan or amendment. On October 9, 2006, the City Council adopted Ordinance No. 06-1362 to delete the Amended and Restated Redevelopment Plan's limitations on the establishment of loans, advances and indebtedness and, accordingly, to extend the previously established deadlines to issue debt to the plan expiration date under the plan for the Original Area and the 1985 Amendment Area. Accordingly, the Agency is required to make payments pursuant to the Tax Sharing Statutes for the Original Area, the 1985 Amendment Area and the 1997 Amendment Area. See "Tax Sharing Statutes" herein. Payments due pursuant to the Tax Sharing Statutes with respect to the Original Area and the 1985 Amendment Area are subordinate to debt service payments on the Prior Bonds.

California's budget bill for 2003 (SB 1045 or Chapter 260 of Statutes of 2003), required for Fiscal Year 2003-04, that all redevelopment agencies allocate specified amounts of tax increment to the County Auditor Controller for deposit into the Educational Revenue Augmentation Fund ("**ERAF**"). In recognition of the loss of revenue, SB 1045 allowed amendment to redevelopment plans to extend by one year the life of the redevelopment plan and the time period in which to collect tax increment revenues. The legislative body of a redevelopment agency can adopt an ordinance without having to follow normal, lengthy



procedures to amend their redevelopment plans. On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend the life of the plan for the Original Area, the 1985 Amendment Area and the 1997 Amendment Area and the time period to collect tax increment revenues by one year.

Similarly, on October 9, 2006, in accordance with Section 33333.6(e)(2) of the Redevelopment Law (enacted by Senate Bill 211), the City Council adopted Ordinance No. 06-1362 to delete the Amended and Restated Redevelopment Plan's limitations on the establishment of loans, advances and indebtedness and, accordingly, (1) to extend the previously established January 1, 2004 deadline to issue debt to the plan expiration date under the plan for the Original Area, and (2) to extend the previously established July 16, 2004 deadline to issue debt to the plan expiration date under the plan for the 1985 Amendment Area.

On May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1377 to extend by two years the life of the plan for the Original Area to December 20, 2014 and the time period to collect tax increment revenues to December 20, 2024. The Agency's ability to collect tax increment revenues from the Original Area will cease on December 20, 2024, prior to the final maturity of the Bonds including, without limitation, the Series 2014A Bonds. Also on May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1378 to extend by one year the life of the plan for the 1985 Amendment Area to July 16, 2026 and the time period to collect tax increment revenues to July 16, 2036.

The Successor Agency is of the opinion that the Plan Limitations will not impair its ability to pay debt service on the Series 2014A Bonds. The Plan Limitations are summarized below:

TABLE 3
Successor Agency to the Carson Redevelopment Agency
Redevelopment Plan Limit Summary
Redevelopment Project Area No. 1

Description	Original Project No. 1	1985 Amendment	1997 Amendment
Establish Debt	Eliminated	Eliminated	8/16/2016
Duration of the Plan	12/20/2014	7/16/2026	8/16/2027
Receipt of Tax Increment	12/20/2024 ⁽²⁾	7/16/2036	8/16/2037
Tax Increment Limit	\$352,188,117	\$500,000,000	None
Actual Tax Receipts through 6/2/2013	\$111.5 million	100.7 million	N/A
Bond Debt Limit	None	160,000,000 ⁽¹⁾	\$50,000,000 ⁽¹⁾

(1) These limits are to be adjusted annually for changes in the consumer price index. The amounts shown above represent the original, unadjusted limits.

(2) The Agency is eligible to receive tax increment from the Original Area through December 20, 2024. For the purpose of the revenue estimates, taxes are assumed received through the end of the fiscal year prior to the deadline.

Source: DHA Consulting, LLC



Tax Increment Limitation, Review of Pledged Tax Revenues

As set forth in Table 3, the Tax Increment Limitation on tax increment revenues with respect to the Original Area is approximately \$352.2 million and with respect to the 1985 Amendment Area is \$500 million. The 1997 Amendment Area is not subject to a Tax Increment Limitation. Through June 2, 2013, as reported by the County, the Original Area had received approximately \$111.5 million of tax increment revenues and the 1985 Amendment Area had received approximately \$100.7 million of tax increment revenues. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."

As required by the Indenture, the Successor Agency will prepare or cause to be prepared annually, within 180 days after the close of each Fiscal Year, so long as any of the Bonds are outstanding, a financial report with respect to such Fiscal Year showing the Gross Tax Increment (defined as all monies allocated within the Tax Increment Limitation, including amounts required to be deposited into the Housing Fund (as defined in the Indenture), payments due under Section 33607.7 of the Law and payments received as subventions or payments in lieu of taxes), as of the end of such Fiscal Year. In addition, the Successor Agency will prepare or cause to be prepared a pro forma statement demonstrating the future availability of sufficient tax increment revenues to pay timely within the Tax Increment Limitation (i) the Bonds, (ii) the amount payable in the then current Fiscal Year included within the Tax Increment Limitation which are required by Section 33334.2 of the Redevelopment Law to be deposited in the Agency's Housing Fund (the "**Set-Aside Requirement**"), and (iii) all amounts included within the Tax Increment Limitation which are payable pursuant to Section 33607.7 of the Law until the final maturity of the Bonds (the "**Pass-Through Payments**").

Although the Former Agency and the Successor Agency in the past failed to prepare the pro forma statement, the Successor Agency has since engaged the Fiscal Consultant to assist the Successor Agency to timely prepare the pro forma statement on or before September 1 of each year or as soon thereafter as practicable, which shall set forth:

(1) The difference between the Tax Increment Limitation plus the 1997 Amendment Area Revenues less the total amount of Gross Tax Increment theretofore allocated to the Agency from and after the Fiscal Year in which a limitation on the allocation of tax increment revenues was established (the "**Remaining Limitation Amount**"); and

(2) The principal and interest remaining to be paid on the Bonds, plus the Set-Aside Requirement and the Pass-Through Payments (collectively, the "**Total Debt Service**").

To the extent the Remaining Limitation Amount is equal to 105% or less than the Total Debt Service, the pro forma statement shall set forth the principal amount of the Bonds (to the nearest integral multiple of \$5,000), as applicable, that must be retired in order for the Remaining Limitation Amount to be at least equal to 105% of the Total Debt Service (the "Prepayment Amount"). In making this calculation, the Agency shall prepay the Bonds by allocating payment among the principal of the Bonds, as the Agency shall designate, which results in the pro forma schedule demonstrating that all remaining unpaid Bonds shall be paid from Gross Tax Increment in a timely manner. The Agency shall notify the Trustee of the Prepayment Amount, if any, applicable to the Bonds as soon as possible after completion of the pro forma statement and shall pay any Prepayment Amount from Pledged Tax Revenues after having on deposit in the Special Fund an amount equal to the principal and interest due and payable in the next succeeding Bond Year on the Bonds. At the time the Remaining Limitation Amount is determined to be 105% or less than the Total Debt Service, the Successor Agency



shall transfer any Prepayment Amount to the Trustee for deposit in a Redemption Account, which is hereby established by the Indenture within the Principal Account, and use such monies to redeem, prepay or defease Bonds. Notwithstanding the above, if prior to any such redemption, prepayment or defeasance, a subsequent annual pro forma statement indicates that future Gross Tax Increment will be 105% or more of the Total Debt Service in each year such debt service is payable, the Agency may authorize the Trustee to transfer such monies from the Redemption Account to the Special Fund.

The Successor Agency confirms that it does not expect the Tax Increment Limitation to impair, in any way, its ability to timely pay debt service on the Series 2014A Bonds.

Base Year Assessed Valuation

Based upon the County Auditor-Controller reports, the net assessed base year valuation for the Project Area is as follows:

TABLE 4
Successor Agency to the Carson Redevelopment Agency
Base Year Values
Redevelopment Project Area No. 1

Description	Original Project No. 1	1985 Amendment	1997 Amendment	Total Project Area
Base Year Assessed Value	\$14,428,460	\$230,402,799	\$146,153,182	\$390,984, 441
% of Total Base Year AV	33.9%	53.1%	13.0%	100.0%

Source: DHA Consulting, LLC

Tax Rates

Property tax revenues allocated to the Successor Agency with respect to the Project area are computed based on the incremental assessed values for the Project Area multiplied by a 1.0% tax rate. Since redevelopment agencies were dissolved in February 1, 2012, actual taxes allocated by the County Auditor-Controller with respect to the Project Area are based on this 1.0% tax rate. This is a slight reduction in the tax rate utilized prior to dissolution of the Former Agency. The projections by the Fiscal Consultant are based on a 1.0% tax rate. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."



Major Taxpayers

The following table shows the ten largest taxpayers in the Project Area on the secured and unsecured roll for the 2013-14 assessment year. The information has been gathered by the Successor Agency, but the accuracy or completeness of such information is not guaranteed by the Successor Agency.

TABLE 5
Successor Agency to the Carson Redevelopment Successor Agency
Ten Largest Property Taxpayers 2013-14
Redevelopment Project Area No. 1 ⁽¹⁾

	Assessee (2)	Use	No. of Assmts	Subarea	2013-14 Value Secured	2013-14 Value Unsecur.	2013 Value Total	% Proj. Val.	% Inc Val.
1	Equilon Enterprises LLC (3) (4)	Industrial / Petroleum	12	1997	\$101,407,720	\$ 50,340	\$101,458,060	5.99%	7.79%
2	VCG Southbay Pavilion LLC (4)	Retail / South Bay Pavilion	7	Original	72,756,999	211,200	72,968,199	4.31%	5.60%
3	AMB Mar Carson/Instit Alliance/Property LP (4) (5)	Lt Industrial / Office	15	Original & 1985	64,435,837	-	64,435,837	3.80%	4.94%
4	Prime ii/Prime Wheel Corp. (6)	Unsecured/ Manufacturing	7	1985	10,354,984	47,936,783	58,291,767	3.44%	4.47%
5	Carson Marketplace LLC	Vacant/ Commercial	10	Original	48,188,478	-	48,188,478	2.85%	3.70%
6	Shell Oil Company (3)	Industrial/ Petroleum	4	1997	40,766,249	208,313	40,974,562	2.42%	3.14%
7	Carson Hotel LLC (4)	Commercial/ Hotel	2	Original	30,767,643	-	30,767,643	1.82%	2.36%
8	Seacliff Centre Pointe LLC (4)	Office/R & D	2	1985	28,525,210	-	28,525,210	1.68%	2.19%
9	Eight St Development Company	Retail / South Bay Pavilion	1	Original	24,375,943	-	24,375,943	1.44%	1.87%
10	RM 190th LP (4)	Office/ Commercial	1	1985	20,500,000	-	20,500,000	1.21%	1.57%
TOTAL MAJOR ASSESSEES			61		442,079,063	48,406,636	490,485,699	28.96%	37.64%
TOTAL REPORTED PROJECT VALUE							1,693,661,828		

(1) Includes assessees and values attributable to all subareas of Project No. 1.

(2) Based on assessee names and values as reported by the County in July 2013. Actual ownership interests in properties can vary from those reflected on the tax roll.

(3) Equilon Enterprises property in Project No. 1 is adjacent to the Shell site. Equilon Enterprises is reportedly a wholly owned subsidiary of Shell Oil Company.

(4) Appeals are currently outstanding on prior year values for these properties. See the "Assessment Appeals" section of the Report and Tables 6.1 through 6.3.

(5) Includes value for AMB Mar Carson LLC, AMB Property LP and AMB Institutional Alliance Fund III LLP.

(6) Includes \$10.4 million in secured value with an assessee name of Prime ii.

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

The ten largest taxpayers own properties whose combined assessed value accounts for approximately 28.96% of the fiscal year 2013-14 equalized roll of the Project Area. The reduction in assessed valuation of taxable property in the Project Area caused by the complete or partial destruction of such properties would likely result in a reduction in Pledged Tax



Revenues which secure the Series 2014A Bonds. In such an event, the Successor Agency's ability to timely pay principal and interest on the 2014A Bonds may be adversely affected.

Top Taxpayer Summary

The following is information about the largest taxpayers in the Project Area. The information has been gathered by the City and the Successor Agency from various taxpayers and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by the Successor Agency or the City.

Equilon Enterprises. The largest assessee is Equilon Enterprises, which is located in the 1997 Amendment Area. The Equilon facilities are used primarily for petroleum storage and warehousing and are located adjacent to a facility assessed to Shell Oil Company with a value of \$40.9 million. Equilon is reportedly a wholly owned subsidiary of Shell.

VCG South Bay Pavilion. VCG South Bay Pavilion is the assessee of record for the South Bay Pavilion, a regional shopping center in the Project Area. According to the Los Angeles Times, Vintage Capital, formed by Fred Sands in 2001, purchased the property from Hopkins Real Estate Group (HREG Genesis) in 2009. VCG is the assessee of record for the center proper while some of the department stores and other major users own their own sites.

AMB Property Corporation. AMB Property Corporation (NYSE: AMB)s, a developer and owner of industrial properties, owns three separate industrial locations within the Project Area. Of varying size and age, the three facilities are multi-tenant industrial buildings.

Prime Wheel Corporation. Founded in 1989, Prime Wheel Corporation ("Prime Wheel"), a company that manufactures chrome and other wheels for automobiles at several locations, is the fourth largest assessee. The Carson facility consists of a major manufacturing facility located on a 5 acre site in the 1985 Amendment Area with additional warehouse space located across the street. Of the total \$58 million assessment for Prime Wheel, \$48 million is unsecured property (fixtures, equipment and personal property) and \$10 million is secured.

Carson Marketplace LLC. Carson Marketplace LLC, the fifth largest assessee, is the owner of a development site of slightly over 150 acres. The site, a former landfill, has been undergoing environmental/brownfield remediation. Carson Marketplace LLC, is a Delaware limited liability company whose members include the LNR Carson, LLC ("LNR CPG") and Hopkins Real Estate Group ("HREG"). LNR CPG is an operating division of LNR Property Corporation ("LNR"), a real estate investment, finance, development, and management company headquartered in Miami Beach, Florida. HREG is a privately held company involved in urban infill redevelopments, as well as in the development of new neighborhood and community shopping centers. HREG is headquartered in Orange County, California. The Carson Marketplace, now referred to as The Boulevards at South Bay. According to the most recent development agreement, the first phase of an \$800 million mixed-use development will begin construction in the summer of 2014 with a targeted opening date of 2016. No assurances can be given that the proposed remediation or development of The Boulevards at South Bay will occur as described herein, that either will be completed in a timely manner or that expectations or projections will be achieved. See "REDEVELOPMENT PROJECT AREA NO.1-Owner Participation Agreement: The Boulevards at South Bay Project".

Porsche Experience Center – 19800 Main Street. Also of note is the Porsche Experience Center. In November 2011, Porsche announced that the City will be the future



home of the Porsche Experience Center (PEC), a specialized vehicle experience center, one of two in the United States and the fifth in the world. The 53-acre will sit mostly on the now-closed Dominguez Hills Golf Course (by I-405 freeway), formerly a landfill area. The project is located right next to the Boulevards at South Bay project. The PEC will feature a state-of-the art test track, driving skills course, simulators, a Porsche showroom, a retail facility for high-performance auto parts, and a restaurant, among others. Porsche will also move its North American offices from Santa Ana to the Carson site.

The Los Angeles County Economic Development Corporation estimated that the construction of the project will generate \$45.5 million in additional economic activity in Southern California, while the ongoing operations will generate \$22.5 million annually. The Porsche Experience Center is projected to be completed in 2014.

Historic Assessed Valuation Growth

The following are the actual assessed valuations and tax increment revenues for the Project Area from Fiscal Year 2009-10 through Fiscal Year 2013-14, including the actual receipts of tax increment. See Table 5.0 in "APPENDIX D — FISCAL CONSULTANT'S REPORT" for detailed information on historical assessed valuation for the subareas within the Project Area.

TABLE 6
Carson Redevelopment Successor Agency
Historical Assessed Valuation and Tax Increment Receipts
Redevelopment Project Area No. 1

	2009-10	2010-11	2011-12	2012-13	2013-14
Assessed Value					
Secured	\$1,364,430,227	\$1,365,663,735	\$1,382,605,634	\$1,391,437,852	\$1,484,291,158
Unsecured	283,287,182	250,163,851	220,129,188	218,348,595	209,370,670
Total Value	1,647,717,409	1,615,827,586	1,602,734,822	1,609,786,447	1,693,661,828
Appeal Adjustment (1)	--	--	--	--	(11,579,885)
Base Year Valuation	(390,599,339)	(390,599,339)	(390,599,339)	(390,599,339)	(390,599,339)
Incremental AV	1,257,118,070	1,225,228,247	1,212,135,483	1,219,187,108	1,291,482,604
Percent Change	11.78%	(2.54)%	(1.07)%	0.58%	5.93%
 Estimated Tax Levy (2)	 \$12,785,887	 \$12,457,971	 \$12,188,004	 \$12,249,140	 \$12,816,430
Tax Collections(3)					
January 2nd Payment (4)	N/A	N/A	5,929,116	7,495,953	6,388,649
June 1 st Payment (4)	N/A	N/A	4,329,777	6,302,633	N/A
Total Tax Receipts	11,779,627	11,753,971	10,258,893	13,798,587	N/A
Percentage Tax Collections (5)	91.9%	94.3%	84.2%	112.6%	N/A

(1) See Table 6.2 of the Fiscal Consultant's Report for information concerning appeal adjustments to 2013-14 assessed values. Appeal adjustments have not been computed or made for years prior to 2013-14.

(2) The Estimated Tax Levy represents gross tax increment revenue estimated at the beginning of a fiscal year and includes a tax rate slightly in excess of 1.0% through the 2010-11 fiscal year.

(3) Includes all taxes collected by the County for the Project Area; amounts have not been offset for amounts not actually paid to the Agency. These County payments include administrative costs retained by the County, pass through payments and amounts not needed to service debt in the upcoming period. See "Recognized Obligation Schedule or ROPS" section in the Fiscal Consultant's Report.

(4) Prior to the Dissolution Act, effective February 1, 2012, taxes were paid to the Agency in periodic payments throughout the fiscal year. Since then, payments are made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include periodic payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011. For 2013-14, approximately half of the current year tax collections were received in January 2014 and the balance will be received in June 2014.

(5) Because of redevelopment dissolution, only about 85 percent of taxes generated in a fiscal year will be received within that same fiscal year. The remaining balance (+/- 15 percent) will be received the following January. For the first year affected by the



dissolution, 2011-12, tax collections shown are particularly low because prior year carryover is not included in the January payment. Source: DHA Consulting, LLC; Los Angeles County Tax Records; and the City of Carson.

Amounts shown as collected in the table above include all taxes collected by the County for the Project Area; amounts have not been reduced to show the amounts actually paid to the Agency. Actual distributions to the Agency are reduced by the amount of administrative costs and pass through payments administered and paid by the County and, commencing in June 2012, amounts not needed to service debt or meet certain costs for administration in the upcoming period. Prior to the Dissolution Act, which was effective February 1, 2012, taxes were paid to the Agency in periodic payments throughout the fiscal year. Since then, payments are made twice each year: once in January and once in June. Amounts shown above for the January payment in 2011-12 include periodic payments made for the 2010-11 year that were allocated to the Agency prior to dissolution. Because of redevelopment dissolution, only about 85% of taxes generated in a fiscal year will be received within that same fiscal year. The remaining balance (+/- 15 percent) will be received the following January. For the first year effected by the dissolution, 2011-12, tax collections shown are particularly low because prior year carryover is not included in the January payment.

Assessment Appeals

Taxpayers may dispute, or appeal, their property tax assessments. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. (An appeal which results in a lower valuation is referred to in the Fiscal Consultant's Report as a successful appeal.) When an appeal is successfully resolved after the disputed taxes have already been paid, a refund with interest is subsequently issued to the taxpayer by the county.

In California, there are two types of appeals: a Proposition 8 appeal and a base year appeal. A Proposition 8 appeal is based on Section 51 of the Revenue and Taxation Code and allows for temporary reductions in the taxes paid on properties because the assessed value of a property somehow becomes higher than its actual market value. This can be the result of the damage or removal of property, or general reductions in real estate values. Once the property damage is restored, or the real estate market improves, an assessment subject to Proposition 8 reduction can be returned to its pre-appeal value. The second type of appeal is a base year assessment appeal where owners challenge the original, or base year, valuation assigned by the County Assessor. Any reduction resulting from a base year assessment appeal is permanent and can only increase above the allowable inflationary adjustment if the property is sold or experiences new construction.

There are also two primary methods for achieving a reduction in the valuation of property. One way is for the applicant to file an assessment appeal application; the other way is for the County Assessor's office to process an "automatic" assessment reduction. Any automatic reduction would almost always be a Proposition 8 appeal, although filed appeals can be either Proposition 8 or base year appeals.

Automatic Assessment Appeals. Starting in Fiscal Year 2008-09, Los Angeles County, like many other counties in the State, began processing temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties as of January 1, tax lien date without prompting from individual taxpayers. The Fiscal Consultant's Report attached hereto as Appendix D refers to the County Assessor's office processing of assessment reductions without being requested



by the taxpayers as automatic reductions. The properties to be reviewed for automatic reductions include single family homes and condominiums which transferred ownership from January 1, 2001 through June 30 2009, and made substantial reductions in 2009-10 and 2010-11. Lesser reductions were processed in 2008-09 and 2011-12 through 2013-14.

The 2013-14 assessed values for the Project Area reflect the reduced values for the automatic reductions performed by the Assessor over the last five years. As the market values for the reduced properties increases, the law allows the County to restore the assessment up to its prior level. As it appears that residential values have been increasing significantly in the Carson area, additional value reductions from automatic reductions have not been assumed in the enclosed estimates of future tax increment revenues. See the "Assessed Values and the Real Estate Market" and "Project Area Trends" sections in the FISCAL CONSULTANT'S REPORT for additional information on real estate trends. Potential increases in value resulting from the restoration of the reduced value to their former market value are likely to occur over the next several years, but the impact of this increase has not been factored into the enclosed revenue estimates. It should be noted that only slightly over 4% of the assessed value of the Project Area is attributable to residential properties so the impact on future growth in the area is likely to be negligible.

Filed Assessment Appeals. When a taxpayer believes that the assessed value of his property is in excess of market value, he may appeal the property tax assessment through the filing of an appeal application. If the Assessor's office believes the taxpayer is correct, it can reduce the value without a formal hearing process. If however, the Assessor's office believes that the assessed value assigned to the property is not above market value, the dispute is heard before an assessment appeals board which determines the appropriate value for a property. If the taxpayer is successful in getting the value of his property reduced, any previously paid taxes on the higher value are repaid to the taxpayer with interest. Generally, future allocations of taxes to the taxing entities that received the original taxes are then proportionately reduced by the county to reflect the refund and interest paid. In Los Angeles County, assessment appeals are often outstanding for multiple years resulting in the need for large refunds to the taxpayers if and when the appeals are finally resolved in a reduced assessment.

Per Los Angeles County appeal records, appeals remain outstanding on various properties in the Project Area for the period 2006-07 through 2012-13. Impact estimates have been prepared for outstanding appeals covering the entire seven year period.

Outstanding appeals are assumed to impact the Agency's tax revenues in two ways: tax refunds and assessed value reductions. First, reductions to all outstanding appeals, assuming the average reduction rate of 5.9% (which was the average reduction rate in the Project Area since 2006-07), were calculated for the purpose of computing tax refunds. If the outstanding appeals are in fact resolved in the taxpayer's favor, tax refunds may be due for all taxes previously paid. In addition to the tax refunds, assessed values may be reduced in future fiscal years. In order to estimate the impact to assessed values, multi-year appeals by the same taxpayer are assumed to only impact assessed value once.

The computations for the tax refund estimates are shown in Table 6.1 of the Fiscal Consultants Report. The estimated tax refunds, including estimated interest earnings, are assumed to be disbursed to the taxpayer in fiscal years 2013-14 through 2015-16. The tax refunds deducted from gross tax increment revenues are approximated by the Fiscal Consultant as follows:



2013-14	(\$178,186)
2014-15	(\$196,288)
2015-16	(\$95,481)
2016-17	None

The following table summarizes the estimate of assessment appeal impacts for the Project Area.

TABLE 7
Carson Redevelopment Successor Agency
Appeals Impact Estimate ⁽¹⁾
Redevelopment Project Area No. 1

<u>Appeals Outstanding</u>	<u>Total Project Area</u>
Number of Years	7 years
Basis for 5.9% Appeal Reduction	Average Decline
Original Value	\$450,563,231
AV Reduction Assumed	(\$26,587,696)
 Assessment Appeals Resolved	
Basis for Reduction	Actual Declines
Original Value	\$49,455,114
Actual Reduction	(\$11,579,885)
 Total Estimated AV Reduction	(\$38,167,581)
Total Tax Refund- 3 Years	(\$469,955)

1. The tax revenue projections, which are shown on Table 9 below, include assessed value changes based on the appeal assumptions discussed above.
Source: DHA Consulting, LLC

In "APPENDIX D – FISCAL CONSULTANT'S REPORT" see Table 6.1 "Estimated Tax Refunds from Appeals" for a historical summary of appeal activity in the Project Area; see Table 6.2 "Appeals Projected to Impact Assessed Values" for resolved and unresolved appeals and estimated impact on assessed values; and see Table 6.3 "Historical Appeals Summary" for a history of appeal activity in the Project Area since fiscal year 2006-07.

See also "BONDOWNERS' RISKS — Property Tax Appeals" and discussion of Assessment Appeals in APPENDIX D — "FISCAL CONSULTANT'S REPORT" for a more detailed report of appeals history and pending appeals within the Project Area.

Tax Sharing Agreements

Pursuant to former Section 33401(b) of the Redevelopment Law, a redevelopment agency was permitted to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through" agreements or "tax sharing" agreements.

The Former Agency did not enter into any negotiated pass-through or tax-sharing agreement with any taxing agency with respect to the Project Area.

Tax Sharing Statutes

Prior to the adoption of AB 1290, the Redevelopment Law permitted taxing entities affected by the adoption of a redevelopment plan to enter into pass-through agreements whereby a portion of the tax increment revenues otherwise payable to that redevelopment agency under Section 33670 of the Redevelopment Law would be "passed through" to the taxing agency that would have received the tax increment revenues but for the redevelopment agency's right to receive them. AB 1290 repealed the provisions of the Redevelopment Law which permitted pass-through agreements, and replaced it with a system of statutorily mandated pass-throughs or tax sharing payments.

Section 33607.5 was added to the Health and Safety Code by AB 1290 and requires that taxing entities affected by the adoption of a redevelopment plan or the amendment of an existing redevelopment plan after January 1, 1994 (and thus is applicable to the 1997 Amendment Area) receive an additional portion of tax increment revenues otherwise payable to the agency for a project area (the "Tax Sharing Amounts"). It requires, with certain exceptions, that commencing with the first fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities an amount equal to 25% of the tax increment revenues received by the agency after the amount required to be deposited in the low and moderate income housing fund has been deducted (see "SECURITY FOR THE BONDS —Allocation of Taxes" above).

Commencing with the 11th fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities (other than the City), in addition to the amounts paid pursuant to the preceding sentence and after deducting the amount allocated to the low and moderate income housing fund, an amount equal to 21% of the portion of tax increment revenues received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues. Additional amounts are payable commencing with the 31st year.

SB 211 provides a procedure by which any redevelopment plan adopted prior to January 1, 1994 may eliminate the time limit to incur indebtedness of its plan. The statute allows the legislative body the ability to adopt required ordinances without having to follow normal, lengthy procedures to amend its redevelopment plan or amendment. The City adopted an ordinance pursuant to SB 211 to eliminate the time limit to incur indebtedness for the Original Area and the 1985 Amendment Area. The Successor Agency is required to pass through up to 20% of tax increment revenues above the 2006-07 levels to taxing agencies beginning in the fiscal year 2007-08. The specific Tax Sharing Amounts will depend on the actual growth in tax revenues.

Section 34177.5(c) of the Law permits Tax Sharing Amounts to be subordinated to the payment of debt service on obligations issued by a successor agency. The Successor Agency is not seeking such subordination with respect to Series 2014A Bonds. As noted in the Fiscal Consultant's Report attached hereto as Appendix D, the payments due to taxing agencies under the Tax Sharing Statutes have been deducted from the future tax increment revenue projections.

Outstanding Indebtedness of the Project Area

After the issuance of the Series 2014A Bonds, the Project Area will have \$[Bond Amount] aggregate principal amount of the Series 2014A Bonds outstanding, together with \$7,900,000 aggregate principal amount of the Series 2001 Bonds, \$540,000 initial principal amount (\$20,500,000 maturity amount) of the Unrefunded Series 2003B Bonds and \$21,275,000 aggregate principal amount of the Series 2009A Bonds. Pledged Tax Revenues securing payment of debt service payable on the Series 2014A Bonds also secure on a parity payment of debt service payable on the Series 2001 Bonds, the Unrefunded Series 2003B Bonds and the Series 2009A Bonds. After the issuance of the Series 2014A Bonds, the Project Area will have an outstanding obligation in the principal amount of \$11,905,000 pursuant to an Installment Payment Contract, dated as of June 9, 2009, by and among the Former Agency, the City and the Carson Public Financing Authority (the **"2009 Installment Payment Contract"**) providing for payments from Pledged Tax Revenues that are surplus revenues under the Indenture. Payments by the Successor Agency pursuant to the 2009 Installment Payment Contract are payable with respect to the Carson Public Financing Authority Revenue Bonds (Remedial Project), Series 2009 (the **"2009 Authority Bonds"**). Payments by the Successor Agency pursuant to the Installment Payment Contract are subordinate to payment of debt service on the Series 2014A, the Series 2001 Bonds, the Unrefunded Series 2003B Bonds, the Series 2009A Bonds and any Additional Bonds.

As described herein, as a result of certain limitations contained or incorporated in the Redevelopment Plan governing the period of time for receiving tax increment revenues and repaying indebtedness, Pledged Tax Revenues derived from the Original Area may not be collected after December 20, 2024. Because of these limitations, after December 20, 2024, the Pledged Tax Revenues will be derived solely from the 1985 Amendment Area and 1997 Amendment Area.

Annually, the Successor Agency receives an administrative allowance payable by the County Auditor-Controller from property tax revenues in the Redevelopment Property Tax Trust Fund. The payment of the administrative allowance is subordinate to the payment of debt service from property tax revenues in the Redevelopment Property Tax Trust Fund. In addition, the Project Area is subject to a Pro Rata Share of 2010 Housing Debt Service. See also "REDEVELOPMENT PROJECT AREA NO.1 — Tax Sharing Agreements" for a discussion of other obligations of the Successor Agency and Table 11.0 in "APPENDIX D – FISCAL CONSULTANT'S REPORT" for a description of the applicable Pro Rata Share of 2010 Housing Debt Service.

Owner Participation Agreement: The Boulevards at South Bay Project

In 2006 the Former Agency entered into an Owner Participation Agreement that was amended in 2008 and 2009 (the **"Agreement"**) with Carson Marketplace LLC a Delaware limited liability company (the **"Owner Participant"**) for the environmental remediation and development of a 157-acre site (the **"Site"**) in Project Area No. 1 known as "The Boulevards at South Bay" (the **"Project"**). Proceeds of the Series 2009A Bonds and proceeds of the 2009 Authority Bonds (both described in the immediately preceding paragraphs) were used, together

* Preliminary, subject to change.



with cash of the Former Agency, to fund a portion of the costs of the environmental remediation of the Site.

Under a Specific Plan for the Project, development standards and guidelines allow for a potential mix of approximately 2 million square feet of commercial, restaurant and entertainment venues, big box retail stores, a 300-room hotel, and up to 1,150 residential units. In connection with this development is a 22 million dollar project to modify the Avalon/I-405 interchange that was financed with federal, State, City and Former Agency funds. The Avalon/I-405 interchange project is complete resulting in the reconfiguration of on and off ramps to ease traffic and accessibility to and from the Project. Carson Marketplace LLC currently estimates the value of the construction to exceed \$800 million by 2017.

In addition to the above-described Series 2009A Bonds and 2009 Authority Bonds, the Successor Agency is obligated under the Agreement to reimburse the Owner Participant up to the amount of \$30,500,000 for additional costs and certain permitted interest cost accruing thereon estimated at \$3.5 million incurred by the Owner Participant for environmental remediation of the Site. With the approval of the Oversight Board and the Department of Finance, the Successor Agency may finance this amount by the issuance of Bonds payable on a parity with the Series 2014A Bonds (see "SECURITY FOR THE BONDS-Issuance of Additional Bonds"), by the issuance of bonds payable on a basis subordinate to the Series 2014A Bonds, or on a pay as you go basis from available revenues of the Successor Agency.

The Agreement provides that the Successor Agency will only issue bonds to finance the amount up to \$30,500,000 and certain permitted interest cost accruing thereon if, and to the extent, that there is net tax increment generated by the Site (the "**Site-Specific Tax Increment**") that is sufficient to pay maximum annual debt service on the bonds. If insufficient tax increment is generated, the Successor Agency may still be required to issue a lesser portion of the total amount in one or more series of bonds. Note, however, that for purpose of satisfying the coverage requirement of any additional bonds test, all Pledged Tax Revenues generated by Project Area No. 1 will be taken into account, and not just Site-Specific Tax Increment. There currently is insufficient tax increment generated in the whole of Project No. 1 to satisfy the 125% coverage requirement for Additional Bonds with respect to the amount of \$30,500,000

With respect to Site-Specific Tax Increment, the Site has a Fiscal Year 2013-14 Assessed Valuation of \$48,188,478, which generates annual Site-Specific Tax Increment, assuming a 1% tax rate, of \$481,884. The Successor Agency estimates that Site specific tax increment in excess of \$4.5 million would be required to fund additional \$30.5 million in costs under the Agreement. As of 2014, the funding would require new assessed valuation, from development of the site, of greater than \$750 million. The Successor Agency cannot predict if or when the Site may attain this amount of assessed valuation or if some or all the \$30,500,000 will be funded from site specific tax increment. If the Site is developed as planned, Carson Marketplace LLC will become the largest property owner in Project Area No. 1.

The Agreement further provides that the Successor Agency is not required to issue bonds to fund the reimbursement of up to \$30,500,000 and certain permitted interest cost accruing thereon to the Owner Participant after November 1, 2016 but may still be required to reimburse the \$30,500,000 plus applicable interest from excess site specific tax increment revenues. However, after that date, whether the site is developed or not the Successor Agency is obligated under the Agreement to reimburse the Owner Participant for project costs up to the amount of \$15,000,000 (the "**Shortfall Amount**") and to reimburse the Owner Participant from remaining site specific tax increment with respect to any remaining unreimbursed portion of the



amounts owed. As stated above with respect to the \$30,500,000 amount and certain permitted interest cost accruing thereon, the Successor Agency may determine to fund the Shortfall Amount by the issuance of Bonds payable on a parity with the Series 2014A Bonds, by the issuance of bonds payable on a basis subordinate to the Series 2014A Bonds or on a pay as you go basis from available revenues of the Successor Agency. There currently is insufficient tax increment generated in the whole of Project Area No. 1 to satisfy the 125% coverage requirement for Additional Bonds with respect to the Shortfall Amount. [check]

Projected Taxable Valuation and Pledged Tax Revenues; Debt Service Coverage

Pledged Tax Revenues are referred to in the Fiscal Consultant's Report as "Net Tax Increment". Table 8 shows the analysis of projected Net Tax Increment revenues over the life of the Series 2014A Bonds-all Subareas, as estimated by the Fiscal Consultant. Tables in the Fiscal Consultant's Report analyze the Net Tax Increment revenues available to pay debt service with respect to applicable Subareas of the Project Area, as estimated by the Fiscal Consultant. Each subarea has a different length of time during which it can receive tax increment revenue. See Table 3 herein for specific dates. See "APPENDIX D — FISCAL CONSULTANT'S REPORT" for more information regarding these projections.

Receipt of projected Net Tax Increment revenues in the amounts and at the time projected by the Fiscal Consultant depends on the realization of certain assumptions relating to the net tax increment revenues. See "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a discussion of the assumptions used in preparing the tax revenue projections. Based upon the projected net tax increment revenues, the Successor Agency expects sufficient funds should be available to the Successor Agency to pay principal of and interest on the Series 2014A Bonds. Although the Successor Agency believes that the assumptions utilized by the Fiscal Consultant are reasonable, the Successor Agency provides no assurance that the projected net tax increment revenues will be realized. To the extent that the assumptions are not actually realized, the Successor Agency's ability to timely pay principal and interest on the Series 2014A Bonds may be adversely affected. Key assumptions include:

- Tax rates have been estimated based on a 1.0% tax rate;
- For determining projected gross tax increment revenues from the Project Area, property assessed values (other than personal property) are assumed to increase annually by a factor of 0.45% in Fiscal Year 2014-15, 1.0% in Fiscal Year 2015-16 and 2.0% annually thereafter. Assessed values of personal property in the Project Area, both secured and unsecured, have been held constant without an inflationary factor;
- The 20% of the gross revenue required to be allocated to the low and moderate income housing fund of the Former Agency is no longer applicable and such amount has not been deducted from project tax increment revenues, however, the Pro Rata Share of 2010 Housing Bonds has been taken into account;
- The supplemental roll revenue has not been added to the projected gross tax increment revenue;
- There have not been any deductions to the gross tax increment revenue to recognize the impact of future tax delinquencies;



- Valuation Reductions of \$11.6 million to Fiscal Year 2013-14 values are assumed to result from resolved appeals and valuation reductions of \$26.5 million are estimated to occur in Fiscal Year 2014-15 and Fiscal Year 2015-16.
- Estimates of tax refunds resulting from existing appeals are estimated to occur over Fiscal Years 2013-14, 2014-15 and 2015-16 as described in the Fiscal Consultant's Report; and
- Total anticipated valuation increases have not been added to the assessment roll due to new construction activity as described in the Fiscal Consultant's Report.



TABLE 8
Carson Redevelopment Successor Agency
Projected Tax Increment Revenues (All Subareas)
Redevelopment Project Area No. 1

Fiscal Year	Total Property (1)	Tax Value Changes (2)	Total Value	Less Base of \$390,599,339	Tax Refunds (3)	Gross Tax Revenue	County Admin Charge	Pro Rata Housing Debt Svc (4)	Tax Sharing Payments	Net Tax Increment (5)	Cumulative Gross Revenue (6), (7)
2013-14	1,693,661,828	(11,579,885)	1,682,081,943	1,291,097,502	(178,186)	12,816,430	224,288	1,438,487	1,157,449	9,996,207	228,129,219
2014-15	1,682,796,531	(3,303,426)	1,679,493,105	1,288,508,664	(196,288)	12,772,440	223,518	1,439,795	1,145,996	9,963,131	240,901,659
2015-16	1,695,124,267	(13,293,848)	1,681,830,420	1,290,845,979	(95,481)	12,896,620	225,691	1,439,813	1,186,959	10,044,157	253,798,279
2016-17	1,713,339,300	-	1,713,339,300	1,322,354,859	-	13,307,190	232,876	1,438,542	1,338,048	10,297,724	267,105,469
2017-18	1,745,212,480	-	1,745,212,480	1,354,228,039	-	13,625,921	238,454	1,437,948	1,455,342	10,494,179	280,731,390
2018-19	1,777,723,124	-	1,777,723,124	1,386,738,683	-	13,951,028	244,143	1,439,697	1,574,981	10,692,208	294,682,418
2019-20	1,810,883,981	-	1,810,883,981	1,419,899,540	-	14,282,636	249,946	1,439,147	1,697,013	10,896,531	308,965,054
2020-21	1,844,708,056	-	1,844,708,056	1,453,723,615	-	14,620,877	255,865	1,438,498	1,821,485	11,105,029	323,585,931
2021-22	1,879,208,611	-	1,879,208,611	1,488,224,170	-	14,965,883	261,903	1,438,701	1,948,447	11,316,831	338,551,814
2022-23	1,914,399,178	-	1,914,399,178	1,523,414,737	-	15,317,788	268,061	1,437,931	2,077,949	11,533,847	353,869,602
2023-24	1,950,293,556	-	1,950,293,556	1,559,309,115	-	15,676,732	274,343	1,439,361	2,210,040	11,752,988	369,546,335
2024-25	1,304,718,812	-	1,304,718,812	928,162,831	-	9,318,946	163,082	627,366	1,442,177	7,086,322	378,865,281
2025-26	1,328,419,583	-	1,328,419,583	951,863,602	-	9,555,954	167,229	627,366	1,529,396	7,231,963	388,421,235
2026-27	1,352,594,369	-	1,352,594,369	976,038,388	-	9,797,702	171,460	451,146	1,618,359	7,556,737	398,218,937
2027-28	1,377,252,651	-	1,377,252,651	1,000,696,670	-	10,044,285	175,775	451,866	1,709,101	7,707,542	408,263,221
2028-29	1,402,404,099	-	1,402,404,099	1,025,848,118	-	10,295,799	180,176	450,666	1,807,559	7,857,398	418,559,021
2029-30	1,428,058,575	-	1,428,058,575	1,051,502,594	-	10,552,344	184,666	451,206	1,907,985	8,008,486	429,111,365
2030-31	1,454,226,141	-	1,454,226,141	1,077,670,160	-	10,814,020	189,245	450,966	2,010,421	8,163,388	439,925,384
2031-32	1,480,917,059	-	1,480,917,059	1,104,361,078	-	11,080,929	193,916	451,515	2,114,904	8,320,593	451,006,313
2032-33	1,508,141,794	-	1,508,141,794	1,131,585,813	-	11,353,176	198,681	451,119	2,221,478	8,481,899	462,359,489
2033-34	1,535,911,025	-	1,535,911,025	1,159,355,044	-	11,630,868	203,540	450,978	2,330,183	8,646,167	473,990,358
2034-35	1,564,235,640	-	1,564,235,640	1,187,679,659	-	11,914,115	208,497	451,029	2,466,424	8,788,164	485,904,472
2035-36	1,593,126,747	-	1,593,126,747	1,216,570,766	-	12,203,026	213,553	433,209	2,605,390	8,950,873	498,107,498
2036-37	324,052,128	-	324,052,128	177,898,946	-	1,779,571	31,143	-	672,252	1,076,177	499,887,069

- (1) Assessed values for property (other than personal property) are assumed to increase annually by a Proposition 13 inflation rate of 0.45% in 2014-15, 1.0% in 2015-16 and 2.0% thereafter. The value for personal property is assumed to remain constant throughout the projection.
- (2) Includes changes from appeals, new construction projects and property transfers. See Tables 6.1 and 10.0 of the Fiscal Consultant's Report for additional information.
- (3) Includes estimated property tax refunds due taxpayers as a result of assessment appeals. See Tables 6.1 of the Fiscal Consultant's Report for additional information.
- (4) It has been determined that successor agencies are no longer required under the Dissolution Act, to set aside 20% of revenues for housing. The deduction shown above represents a pro rata share of debt service on the 2010 Housing Bonds, as such share is defined in the Indenture. For the projection shown above, the Pro Rata Share of Housing Debt is calculated for 2013-14, and then held constant.
- (5) Pledged Tax Revenues are referred to in the Fiscal Consultant's Report as "Net Tax Increment".
- (6) Each subarea has a different limitation on the amount of tax increment revenue that can be received.
- (7) Each subarea has a different length of time during which it can receive tax increment revenue. See Table 3 herein for specific dates for termination of the right to receive tax increment revenues.
- Source: DHA Consultants

TABLE 9
Carson Redevelopment Successor Agency
Projected Tax Increment Revenues and Debt Service Coverage*
Redevelopment Project Area No. 1

Fiscal Year	Net Tax Increment	Series 2014A Bonds Debt Service*	Series 2001 Bonds Debt Service	Unrefunded 2003B Bonds Debt Service	Series 2009A Bonds Debt Service	Total Parity Debt Service*	Coverage*
2013-14	\$ 9,996,207	\$1,544,255	\$2,924,500	-	\$1,817,563	\$6,286,318	1.59x
2014-15	9,963,131	1,474,538	2,932,550	-	1,812,138	6,219,225	1.60
2015-16	10,044,157	1,476,338	2,927,625	-	1,814,888	6,218,850	1.62
2016-17	10,297,724	4,057,738	-	-	1,865,213	5,922,950	1.74
2017-18	10,494,179	4,057,488	-	-	1,865,238	5,922,725	1.77
2018-19	10,692,208	4,055,238	-	-	1,870,738	5,925,975	1.80
2019-20	10,896,531	4,050,738	-	-	1,868,838	5,919,575	1.84
2020-21	11,105,029	4,048,738	-	-	1,873,963	5,922,700	1.87
2021-22	11,316,831	4,043,738	-	-	1,870,525	5,914,263	1.91
2022-23	11,533,847	310,488	-	\$2,210,000	3,809,588	6,330,075	1.82
2023-24	11,752,988	315,063	-	2,210,000	3,809,588	6,334,650	1.86
2024-25	7,086,322	314,425	-	2,210,000	1,025,350	3,549,775	2.00
2025-26	7,231,963	2,293,788	-	-	1,030,050	3,323,838	2.18
2026-27	7,556,737	214,000	-	2,320,000	1,028,000	3,562,000	2.12
2027-28	7,707,542	214,000	-	2,320,000	1,024,550	3,558,550	2.17
2028-29	7,857,398	214,000	-	2,320,000	1,024,700	3,558,700	2.21
2029-30	8,008,486	214,000	-	2,320,000	1,028,100	3,562,100	2.25
2030-31	8,163,388	214,000	-	2,320,000	1,029,400	3,563,400	2.29
2031-32	8,320,593	214,000	-	2,320,000	1,028,600	3,562,600	2.34
2032-33	8,481,899	2,299,000	-	-	1,025,700	3,324,700	2.55
2033-34	8,646,167	2,304,750	-	-	1,020,700	3,325,450	2.60
2034-35	8,788,164	-	-	-	3,583,600	3,583,600	2.45
2035-36	8,950,873	-	-	-	3,584,500	3,584,500	2.50

* Preliminary; subject to change.



BONDOWNERS' RISKS

Investment in the Series 2014A Bonds involves elements of risk. The following section describes certain specific BONDOWNERS' RISKS affecting the payment and security of the Series 2014A Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2014A Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Series 2014A Bonds. There can be no assurance that other BONDOWNERS' RISKS not discussed under this caption will not become material in the future.

Recognized Obligation Payment Schedules

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires the Successor Agency to prepare 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 withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS". If the Successor Agency were to fail to complete an approved Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency to pay debt service on the Series 2014A Bonds could be adversely affected for such period.

If a successor agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to the Dissolution Act, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

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

- (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "REDEVELOPMENT PROJECT



AREA NO.1-Tax Sharing Agreements-Tax Sharing Statutes") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011;

(ii) second, on each January 2 and June 1, to a successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments 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 a 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 its 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).

If the Successor Agency does not submit an Oversight-Board approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted in the Indenture 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 Fund, in Recognized Obligation Payment Schedules for each six-month period 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 2014A Bonds coming due in the respective six-month period, 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 APPENDIX A "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants of the Agency").

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. 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 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Series 2014A Bonds.

Certain Uncertainties Regarding the Dissolution Act

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment

project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states: "it is the intent that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Pledged Tax Revenues securing the Series 2014A Bonds, the Series 2001 Bonds, the Unrefunded Series 2003B Bonds and the Series 2009A Bonds and the pledge of Project Area surplus tax increment revenue securing the 2009 Installment Payment Contract, Pledged Tax Revenues will be used for such purposes prior to being used for any other purpose, including payment of any other indebtedness of the Former Agency now being paid by the Successor Agency.

To the extent that tax increment revenue generated from the Merged and Amended Project and/or Project No. 4 is available after payment of all obligations required to be paid from such amounts, the excess tax increment revenue might, under the Dissolution Act, be available to pay debt service on the Series 2014A Bonds. The commingling of tax increment revenue from another project area may, however, adversely affect the interests of other taxing entities. Additionally, as the Dissolution Act eliminated the requirement that 20% of tax increment revenue be deposited in the Low and Moderate Income Housing Fund of a redevelopment agency, these amounts, to the extent not pledged to the payment of enforceable obligations, might also be available to pay debt service on the Series 2014A Bonds. The Successor Agency is not able to provide any assurances that tax increment revenue from the Merged and Amended Project Area and/or Project No. 4 or that previously was deposited in the Former Agency's Low and Moderate Income Housing Fund will be available to pay debt service on the Series 2014A Bonds.

Bonds Are Limited Obligations and Not General Obligations

The Series 2014A Bonds and the interest thereon are limited obligations of the Successor Agency and do not constitute a general obligation of the Successor Agency. See "SECURITY FOR THE BONDS" herein. No Owner of the Series 2014A Bonds may compel exercise of the taxing power of the State of California or any of its political subdivisions or agencies to pay the principal of, premium, if any, or interest due on the Series 2014A Bonds.

The Series 2014A Bonds do not evidence a debt of the Successor Agency or the City within the meaning of any constitutional or statutory debt limitation provision.

Reduction in Taxable Value; Plan Limitations

Pledged Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in property's assessed value, blanket reductions in assessed value due



to general reductions in property values or the complete or partial destruction of such property caused by, among other eventualities, an earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues securing the Series 2014A Bonds. These risks and risks of delinquent payments may generally be exacerbated by the relatively high concentration of ownership in the Project Area. See "REDEVELOPMENT PROJECT AREA NO.1 - Major Taxpayers." 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 Series 2014A Bonds.

In addition, limitations on the Successor Agency's receipt and use of tax increment revenues may also affect the availability of the Pledged Tax Revenues. See "REDEVELOPMENT PROJECT AREA NO.1- Plan Limitations."

Reduction in Inflationary Rate and Changes in Legislation; Further Initiatives

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Article XIII A of the California Constitution, which significantly affected the rate of property taxation, was adopted pursuant to California's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions.

Future legislative reallocation of the 1% basic levy among the affected taxing entities could increase the taxes retained by certain taxing entities with a corresponding reduction in Pledged Tax Revenues. See "LIMITATIONS ON TAX REVENUES - Property Tax Limitations - Article IIIA."

Unsecured Property

Currently, approximately 12.4% of the net assessed property value in the Project Area for Fiscal Year 2013-14 is derived from unsecured property. Unsecured property in the Project Area is comprised largely of fixture and equipment value for commercial/industrial uses. Such property is a transitory component of total assessed value and may be removed from the Project Area at any point in time, and accordingly, must be viewed as a volatile component of assessed value in the Project Area. See APPENDIX D - "FISCAL CONSULTANT'S REPORT." While the Successor Agency has no way of predicting when or if such unsecured fixtures and equipment might be removed from the Project Area, the Successor Agency believes the projection of such unsecured fixtures and equipment value for future fiscal years set forth in the Fiscal Consultant's Report is reasonable. The removal of such unsecured fixtures and equipment from the Project Area, however, could have a significant adverse impact on Pledged Tax Revenues.



Concentration of Ownership

The top ten largest property taxpayers in the Project Area account for approximately 29.0% of the total secured and unsecured assessed value of the Project Area for Fiscal Year 2013-14. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Pledged Tax Revenues could result. See "REDEVELOPMENT PROJECT AREA NO.1 — Major Taxpayers" herein. If Carson Marketplace LLC successfully develops its 157 acre site located in the Original Project Area No. 1 as planned Carson Marketplace LLC will be the largest property owner representing over 30% of Project Area assessed valuation.

Varying Termination Dates for Tax Revenue Sources

As described above under "REDEVELOPMENT PROJECT AREA NO. 1 — Plan Limitations," Pledged Tax Revenues derived from the Original Area may not be collected after December 20, 2024. Thereafter, Pledged Tax Revenues from 1985 Amendment Area and 1997 Amendment Area may be collected through the final maturity date of the Series 2014A Bonds. Because of these limitations, after December 20, 2024, Pledged Tax Revenues will be derived solely from the 1985 Amendment Area and 1997 Amendment Area. These limitations result in a smaller number of properties generating Pledged Tax Revenues as the limitations are reached for various subareas within the Project Area. Because the Series 2014A Bonds are payable solely from Pledged Tax Revenues, the credit quality of the Series 2014A Bonds at any one time depends upon the credit quality of the remaining parcels of the Project Area that generate Pledged Tax Revenues.

Pro Rata Share of Housing Debt Service

As described above, the Project Area is responsible for the payment of a portion of the debt service on certain Housing Bonds (as defined in the Indenture) from amounts that would otherwise be Pledged Tax Revenues. See "SECURITY FOR THE BONDS" and the definitions of "Pledged Tax Revenues" and "Pro Rata Share of Housing Debt Service." Because the Project Area's share of such debt service is calculated based on the ratio of the amounts collected by the County for the Project Area to the total amounts collected by the County for the Project Area and for the Merged and Amended Project Area and Project Area No. 4, and because the ratio of such amounts may vary over time, the amount of the payment of the Project Area's portion of debt service on such Housing Bonds may also increase or decrease over time. For example, a significant decrease in gross tax revenues generated in Merged and Amended Project Area could increase the Project Area's share of Housing Bonds debt service. Nevertheless, the Successor Agency believes that the potential amount of any such increase with respect to the Project Area will not impair its ability to pay debt service on the Series 2014A Bonds. For further analysis, see "APPENDIX D-FISCAL CONSULTANT'S REPORT-TABLE 11.0-Pro Rata Share of 2010 Housing Debt Service".

Levy and Collection

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Series 2014A Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse



effect on the Successor Agency's ability to make timely debt service payments on the Series 2014A Bonds. The County currently allocates tax increment revenues to the Successor Agency based upon the tax increment actually collected.

The tax increment revenue projections provided in Table 8 and subsidiary Tables present the amount of gross tax increment expected to be allocated from the Project Area over the term of the projections. Tax increment revenue figures represented in these Tables do not include supplemental tax revenues and have not been reduced for County Administration fee, delinquencies or successful assessment appeals activity.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2014A Bonds, the Successor Agency has covenanted in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. The interest on the Series 2014A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2014A Bonds as a result of acts or omissions of the Successor Agency in violation of covenants in the Indenture or the Indenture. Should such an event of taxability occur, the Series 2014A Bonds are not subject to acceleration, redemption or any increase in interest rates and will remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture. See "CONCLUDING INFORMATION -Tax Matters" herein.

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 2014A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series 2014A Bonds might be affected as a result of such an audit (or by an audit of similar bonds). In this regard, the Internal Revenue Service did examine the \$12,165,000 principal amount of Revenue Bonds (Remediation Project) Series, 2009, issued by the Carson Public Financing Authority and by its letter dated June 7, 2013, advised the Carson City Manager that it had made a determination to close the examination with no-change in the position that interest received on such Bonds is excludable from gross income under Section 103 of the Internal Revenue Code.

Seismic Risk and Flood Risk

The City, like all California communities, may be subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the Project Area. As a result, the value of taxable land in the Project Area could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Pledged Tax Revenues (see "Property Tax Appeals" below). The City is located in a high impact seismic zone. The nearest active fault is the Newport-Inglewood-Rose Canyon zone, located off shore, but at least three of its tributaries are believed to run through the City. The City has adopted the

Uniform Building Code and Uniform Building Code Standards adopted by the State of California. All new construction is required to comply with the highest earthquake resistance design standard presently in use in California.

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

Property Tax Appeals

There have been 513 assessment appeals filed by landowners within the Project Area for the period commencing with the 2006-07 fiscal year and continuing to the 2013-14 fiscal year (inclusive). Of the 513 appeals filed, 314 have been resolved, with a net reduction in value of \$93.6 million. There are 199 appeals from this period currently pending. See "REDEVELOPMENT PROJECT AREA NO.1— Assessment Appeals, Table 7 and "APPENDIX D - FISCAL CONSULTANT'S REPORT-Tables 6.1, 6.2 and 6.3. Reductions in assessed value and estimated tax refunds have been taken into consideration in projecting future gross tax increment revenue.

Any reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Series 2014A Bonds when due.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within 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 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 by the costs of remedying the condition, causing a reduction of the Pledged Tax Revenues available to pay debt service on the Series 2014A Bonds.

Enforceability of Remedies

The remedies available to the Trustee and the registered owners of the Series 2014A Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014A Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Series 2014A Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Investment of Funds

The Reserve Account and all other funds held under the Indenture are required to be invested in Authorized Investments as provided under the Indenture. See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." All investments, including Authorized Investments, authorized by law from time to time for investments by successor agencies contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture, or the funds and accounts held by the Successor Agency could have a material adverse effect on the security for the Series 2014A Bonds and/or the financial condition of the Successor Agency.

Assumptions and Projections

Any reduction in Pledged Tax Revenues, whether for any of the foregoing reasons or any other reason, could have an adverse effect on the Successor Agency's ability to make timely payments of principal of, premium, if any, and interest on the Series 2014A Bonds, which are secured by such Pledged Tax Revenues. To estimate the total Pledged Tax Revenues available to pay debt service on the Series 2014A Bonds, the Fiscal Consultant has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates, the percentage of taxes collected, the amount of funds available for investment and the interest rate at which those funds will be invested. See "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a full discussion of the assumptions underlying the projections set forth herein with respect to Pledged Tax Revenues. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuations, the tax rates, the percentage of taxes collected are less than the Successor Agency's assumptions, the total Pledged Tax Revenues available will, in all likelihood, be less than those projected herein. See "REDEVELOPMENT PROJECT AREA NO.1— Projected Taxable Valuation and Pledged Tax Revenues; Debt Service Coverage" herein.

Secondary Market

There can be no assurance that there will be a secondary market for the Series 2014A Bonds, or if a secondary market exists, that such Series 2014A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property that is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax

that becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

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

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

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

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

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase.

Property Tax 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 in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions that 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 monies are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2013-14, the County's administrative charge to the Successor Agency together with the charges relating to the dissolution of the Former Agency, is estimated to be \$224,355.

Tax Sharing Amounts. The payment of Tax Sharing Amounts results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "THE REDEVELOPMENT PROJECT AREA – Tax Sharing Statutes" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Area.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, 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 Recognized Obligation Payment Schedule approved by the State Department of Finance obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS" and "BONDOWNER' RISKS – Recognized Obligation Payment Schedules."

Tax Collection Fees

Pursuant to legislation enacted by the State Legislature (SB 2557 and AB 1924), the County of Los Angeles collects certain administrative fees for the collection and allocation of tax increment revenue to the Successor Agency. Tax increment projections presented in Table 9 are net of anticipated administrative fee charges by the County. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."

Unitary Taxation of Utility Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive

a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1. AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted \$83,641 in unitary revenue to the Successor Agency for the Project Area during the 2012-13 fiscal year. The Fiscal Consultant has assumed that the utility tax revenue will remain constant in future years.

In recent years, the California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated. The Successor Agency is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation or legislation may affect the State's method of assessing utility property and the allocation of assessed value to local taxing agencies and, in turn, the receipt of such taxes by the Successor Agency. The City is served by Southern California Edison for electricity, Southern California Gas for gas, Cal Water and Southern California Water for water and SBC for telephone services.

Former Housing Set-Aside

Sections 33334.2, 33334.2 and 33334.6 of the Redevelopment Law required redevelopment agencies to set-aside twenty percent of all tax increment derived from redevelopment project areas in a low and moderate income housing fund (such amounts are referred to as the "Housing Set-Aside"). The Dissolution Act eliminated the Housing Set-Aside requirement. Accordingly, Pledged Tax Revenues are not subject to such set aside requirement and, except for the Pro Rata Share of Housing Debt Service, amounts formerly required to be set aside for such purpose are included in Pledged Tax Revenues pledged to the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS-Pledged Tax Revenues-Pledge of Former Housing Set-Aside".

Appropriations Limitations: Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article



XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

The California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of tax increment revenues to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Redevelopment Successor Agency of the City of Santa Ana* and *Bell Redevelopment Successor Agency v. Woosley*. The plaintiff in *Brown* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Successor Agency does not believe it is subject to Article XIIIB and has not adopted an appropriations limit.

Plan Limitations

The Redevelopment Law requires redevelopment plans to contain certain limitations, including limitations on the number of tax dollars which may be divided and allocated to a redevelopment agency, on the time to establish loans, advances and indebtedness, on the amount of bonded indebtedness that can be outstanding at one time, on the life of the redevelopment plan or amendment and on the time to repay indebtedness. See "REDEVELOPMENT PROJECT AREA NO.1 — Plan Limitations" herein.

The Successor Agency is of the opinion that, to the extent that these limitations may apply to the Successor Agency following adoption of the Dissolution Act, these limitations for nor impair its ability in the future to pay debt service on the Series 2014A Bonds.



CONCLUDING INFORMATION

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel and Tax Counsel to the Successor Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Orrick, Herrington & Sutcliffe LLP is of the further opinion that interest on the Series 2014A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Orrick, Herrington & Sutcliffe LLP observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Orrick, Herrington & Sutcliffe LLP is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2014A Bonds is less than the amount to be paid at maturity of such Series 2014A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2014A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014A Bonds is the first price at which a substantial amount of such maturity of the Series 2014A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014A Bonds accrues daily over the term to maturity of such Series 2014A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014A Bonds. Beneficial Owners of the Series 2014A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014A Bonds is sold to the public.

Series 2014A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Series 2014A Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Series 2014A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Series 2014A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2014A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 2014A Bonds. The Successor Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014A Bonds. The opinion of Orrick, Herrington & Sutcliffe LLP assumes the accuracy of these representations and compliance with these covenants. Orrick, Herrington & Sutcliffe LLP has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to the attention of Orrick, Herrington & Sutcliffe LLP after the date of issuance of the Series 2014A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014A Bonds. Accordingly the opinion of Orrick, Herrington & Sutcliffe LLP is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Orrick, Herrington & Sutcliffe LLP is of the opinion that interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Orrick, Herrington & Sutcliffe LLP expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014A Bonds. Prospective purchasers of the Series 2014A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Orrick, Herrington & Sutcliffe LLP is expected to express no opinion.

The opinion of Orrick, Herrington & Sutcliffe LLP is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents the judgment of Orrick, Herrington & Sutcliffe LLP as to the proper treatment of the Series 2014A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Orrick, Herrington & Sutcliffe LLP cannot give and has not given any opinion or assurance about the future activities of the Successor Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Code.

The engagement of Orrick, Herrington & Sutcliffe LLP with respect to the Series 2014A Bonds ends with the issuance of the Series 2014A Bonds, and, unless separately engaged, Orrick, Herrington & Sutcliffe LLP is not obligated to defend the Successor Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2014A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Successor Agency and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Successor Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014A Bonds, and may cause the Successor Agency or the Beneficial Owners to incur significant expense.

Financial Advisor

C.M. de Crinis & Co., Inc. has acted as financial advisor to the Successor Agency concerning the Series 2014A Bonds. As financial advisor, C.M. de Crinis & Co., Inc. will receive compensation contingent upon the sale and delivery of the Series 2014A Bonds.

Fiscal Consultant

The Successor Agency has retained the firm of DHA Consulting to act as fiscal consultant (the "Fiscal Consultant") for the Successor Agency on the Project Area. The full text of the Fiscal Consultant's Report is attached hereto as "APPENDIX D."

Verification of Mathematical Computations

The Successor Agency retained the Verification Agent, a firm of certified public accountants, who will deliver a report stating that such firm has verified the accuracy of mathematical computations of the Underwriters concerning the adequacy amounts [of the maturing principal amounts of and interest earned on the governmental obligations] initially deposited in the Escrow Fund to make all payments of principal of, and interest on the Refunded Bonds to which that Escrow Fund is pledged. See "PLAN OF REFINANCING" herein.

Rating

Standard & Poor's ("S&P") has assigned a rating of "___," to the Series 2014A Bonds based on its assessment of the Successor Agency's ability to make payments with respect to the Series 2014A Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such 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 Series 2014A Bonds.



Underwriting

The Successor Agency will sell the Series 2014A Bonds to Stifel, Nicolaus & Company, Incorporated, and Cabrera Capital Markets, LLC (the "Underwriters"). The Series 2014A Bonds will be sold to the Underwriters pursuant to that certain Bond Purchase Agreement, dated as of _____, 2014, by and between the Successor Agency and the Underwriters. The Underwriters expect to purchase the Series 2014A Bonds at a purchase price of \$_____, which includes an Underwriters' discount of \$_____ and a net original issue discount of \$_____. The Underwriters intend to offer the Series 2014A Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2014A Bonds to the public. The Underwriters may offer and sell the Series 2014A Bonds to certain dealers (including dealers depositing Series 2014A Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may re-allow any such discounts on sales to other dealers.

No Litigation

There is no litigation pending or, to the Successor Agency's knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the Series 2014A Bonds, to contest the validity of the Series 2014A Bonds, the Indenture or any proceedings of the Successor Agency with respect thereto. In the opinion of the Successor Agency and its counsel, there are no lawsuits or claims pending against the Successor Agency which will materially affect the Successor Agency's finances as to impair the ability to pay principal of an interest on the Series 2014A Bonds when due.

Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel and Tax Counsel to the Successor Agency. A complete copy of the proposed form of opinion of Orrick, Herrington & Sutcliffe LLP is contained in "APPENDIX E" hereto.

Miscellaneous

All of the preceding summaries of the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

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

The execution and delivery of this Official Statement by the Carson City Manager has been duly authorized the Successor Agency.

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

/s/ _____
City Manger of the City of Carson, on behalf
of the Successor Agency



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APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE



APPENDIX B
SUCCESSOR AGENCY FIDUCIARY FUND



APPENDIX C

GENERAL INFORMATION RELATING TO THE CITY OF CARSON

The following information concerning the City and the County of Los Angeles is included only for the purpose of supplying general information regarding the area of the City. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. Carson was part of a Spanish Land Grant known as Rancho San Pedro deeded to Juan Jose Dominguez over 200 years ago. The City was incorporated as a general law city on February 20, 1968.

Located in the South Bay section of the County, the City has grown from a population of 61,000 in 1968 to 92,196 in 2013. Over the years, three annexations have increased the City's size to 19.2 square miles.

The City is well known as an industrial center with access to transportation and the Pacific Rim. The City has more than 120 acres of park land divided into 12 parks, 2 mini-parks and sports/recreational facilities that include 3 swimming pools, a boxing center, a state-of-the-art sports complex and the Carson Community Center. The City's educational needs are served by Los Angeles Unified School District, and the community has access to 47 church organizations.

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties. Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.



Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF CARSON AND LOS ANGELES COUNTY
Population Estimates
Calendar Years 2009 through 2013

<u>Calendar</u> <u>Year</u>	<u>City of</u> <u>Carson</u>	<u>Los Angeles</u> <u>County</u>	<u>State of</u> <u>California</u>
2009	92,198	9,801,096	36,966,713
2010	91,799	9,822,121	37,223,900
2011	91,455	9,847,712	37,427,946
2012	91,874	9,889,520	37,668,804
2013	92,196	9,958,091	37,966,471

Source: State Department of Finance estimates (as of May 1, 2013)

Employment and Industry

The seasonally adjusted unemployment rate in Los Angeles County decreased over the month to 9.2% in December 2013 from a revised 9.5% in November 2013 and was below the rate of 10.3% one year ago. Civilian employment decreased by 10,000 to 4,500,000 in December 2013, while unemployment decreased by 16,000 to 458,000 over the month. The civilian labor force decreased by 26,000 over the month to 4,958,000 in December 2013. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the county was 8.8% in December 2013.

The California seasonally adjusted unemployment rate was 8.3% in December 2013, 8.5% in November 2013, and 9.8% a year ago in December 2012. The comparable estimates for the nation were 6.7% in December 2013, 7.0% in November 2013, and 7.8% a year ago.

Set forth below is data from calendar years 2008 to 2012 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION (Los Angeles County) Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2008	2009	2010	2011	2012
Civilian Labor Force ⁽¹⁾	4,936,000	4,905,300	4,911,900	4,927,200	4,879,700
Employment	4,566,900	4,337,000	4,294,200	4,323,000	4,345,700
Unemployment	369,100	568,300	617,700	604,200	534,000
Unemployment Rate	7.5%	11.6%	12.6%	12.3%	10.9%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	6,900	6,200	6,200	5,600	5,400
Mining and Logging	4,400	4,100	4,100	4,000	4,200
Construction	145,200	117,300	104,500	105,000	108,800
Manufacturing	434,500	389,200	373,200	366,800	365,700
Wholesale Trade	223,700	204,500	203,000	205,200	210,900
Retail Trade	416,500	387,000	385,700	390,700	396,800
Transportation, Warehousing and Utilities	163,100	151,200	150,600	151,800	154,300
Information	210,300	191,200	191,500	191,900	190,300
Financial Activities	233,300	216,000	209,500	208,400	210,200
Professional and Business Services	582,600	529,800	527,500	542,900	567,200
Educational and Health Services	505,800	514,600	522,000	533,400	544,300
Leisure and Hospitality	401,600	385,600	384,800	394,600	414,100
Other Services	146,100	137,900	136,700	136,900	140,700
Federal Government	51,100	48,700	51,600	49,000	48,100
State Government	82,400	82,000	80,700	82,700	83,100
Local Government	470,300	465,200	447,300	433,800	425,700
Total All Industries	4,077,600	3,830,300	3,778,700	3,802,700	3,869,700

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

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

Source: State of California Employment Development Department.

The table below shows the major employers in the City during 2012-13.

**CITY OF CARSON
Major Employers
For Fiscal Year 2012-13**

<u>Employer Name</u>	<u>No. of Employees</u>
Prime Wheel Corporation	417
See's Candy Shops Inc.	404
Huck International Inc.	385
Mag Aerospace Industries	377
Cedarlane Natural Foods Inc.	302
Sourcecorp BPs Inc.	301
General Mills Operations LLC	287
Xerox Education Services Inc.	278
The Pepsi Bottling Group	276
Pacific Bell	273

Source: City of Carson 2012-2013 Comprehensive Annual Financial Report.



The following table lists the major employers within the County, as of January 2014.

**LOS ANGELES COUNTY
Major Employers
As of January 2014**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AHMC Healthcare Inc	Alhambra	Hospitals
All Nations Church	Lake View Terrace	Churches
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
California Institute of Tech	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Edison Carrier Solutions	Rosemead	Electric Companies
FX NETWORKS LLC	Los Angeles	Television-Cable & CATV
Kaiser Sunset	Los Angeles	Hospitals
LAC & USC MEDICAL CTR	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Memorial Med Ctr	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Nestle USA Inc	Glendale	Food Products & Manufacturers
Paramount Petroleum Corp	Paramount	Asphalt & Asphalt Products-Manufacturers
Pomona Valley Hospital Med Ctr	Pomona	Hospitals
Pro Parts	Canoga Park	Automobile Parts-Used & Rebuilt (Whls)
Providence Holy Cross Med Ctr	Sylmar	Health Services
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
Specair	Gardena	Manufacturers
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2014, 1st Edition.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2012 in the City were reported to be \$1.4 million a 13.83% increase over the total taxable sales of \$1.3 million reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.

CITY OF CARSON
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	1,057	\$1,296,821	2,399	\$185,3014
2008	1,057	1,137,593	2,362	182,1000
2009 ⁽¹⁾	1,215	929,729	2,221	142,8961
2010 ⁽¹⁾	1,197	1,008,859	2,202	1,471,240
2011 ⁽¹⁾	1,128	1,155,034	2,128	1,677,560

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2011 in the County were reported to be \$126,440,737,000, an 8.12% increase over the total taxable sales of \$116,942,334,000 reported during calendar year 2010. Figures for calendar year 2012 are not yet available.

Total taxable sales during the first three quarters of calendar year 2012 in the County were reported to be \$33,552,248, a 5.30% increase over the total taxable sales of \$31,863,711 reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.

COUNTY OF LOS ANGELES
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	142,380	\$96,095,711	290,344	\$137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 ⁽¹⁾	175,461	78,444,115	264,928	112,744,727
2010 ⁽¹⁾	182,491	82,175,416	271,293	116,942,334
2011 ⁽¹⁾	179,872	89,251,447	266,868	126,440,737

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.

Median Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City of Carson, County of Los Angeles, the State and the United States for the period 2008 through 2012.

CITY OF CARSON AND LOS ANGELES COUNTY EFFECTIVE BUYING INCOME 2008 through 2012

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2008	City of Carson	\$1,609,685	\$53,906
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Carson	\$1,647,782.5	\$55,747
	Los Angeles County	207,077,608	45,390
	California	844,823,318	49,736
	United States	6,571,536,768	43,252
2010	City of Carson	\$1,555,167.5	\$52,614
	Los Angeles County	196,757,991	43,133
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Carson	\$1,562,685	\$52,384
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Carson	\$1,597,055	\$52,505
	Los Angeles County	210,048,048	44,384
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Nielsen Company (US), Inc.

Building Activity

The table below summarizes building activity in the City and the County from calendar years 2008 through 2012.

CITY OF CARSON Building Permit Activity Dollars in Thousands

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$1,247.8	\$1,646.7	\$383.0	\$781.0	\$5,671.5
New Multi-family	0.0	10,200.0	22,149.0	10,400.0	0.0
Res. Alterations/Additions	<u>9,946.4</u>	<u>7,864.8</u>	<u>13,018.5</u>	<u>13,433.9</u>	<u>9,034.7</u>
Total Residential	11,194.2	19,711.6	35,550.5	24,614.9	14,706.2
New Commercial	12,083.8	12,797.4	626.0	31,400.0	14,879.9
New Industrial	11,505.7	10,344.0	0.0	0.0	0.0
New Other	3,767.7	9,271.7	4,928.7	0.0	4,600.0
Com. Alterations/Additions	<u>37,261.4</u>	<u>20,598.6</u>	<u>17,845.7</u>	<u>21,213.7</u>	<u>63,435.0</u>
Total Nonresidential	64,618.6	53,011.8	23,400.4	52,613.7	82,914.9
<u>New Dwelling Units</u>					
Single Family	6	6	1	3	27
Multiple Family	0	85	100	65	0
TOTAL	6	91	101	68	27

Source: Construction Industry Research Board, Building Permit Summary

COUNTY OF LOS ANGELES Building Permit Activity Dollars in Thousands

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$1,134,121.1	\$798,305.0	\$922,092.0	\$1,026,679.4	\$1,127,916.8
New Multi-family	1,409,062.3	521,793.7	810,621.4	1,225,553.4	1,484,648.9
Res. Alterations/Additions	<u>1,411,332.6</u>	<u>103,157.9</u>	<u>1,109,768.6</u>	<u>1,431,581.5</u>	<u>1,208,758.1</u>
Total Residential	3,954,515.9	2,393,256.6	2,842,482.0	3,683,814.3	3,821,323.8
New Commercial	1,517,965.4	513,381.3	531,995.6	612,800.9	1,364,188.7
New Industrial	134,587.0	40,084.0	55,772.9	135,976.2	202,882.5
New Other	680,228.1	462,139.0	436,807.8	286,119.7	107,608.9
Com. Alterations/Additions	<u>2,157,857.2</u>	<u>1,657,939.6</u>	<u>1,662,362.9</u>	<u>1,774,207.9</u>	<u>2,199,249.7</u>
Total Nonresidential	4,490,637.8	2,673,543.9	2,676,939.1	2,809,104.7	3,873,929.8
<u>New Dwelling Units</u>					
Single Family	3,539	2,131	2,439	2,338	2,820
Multiple Family	<u>10,165</u>	<u>3,522</u>	<u>5,029</u>	<u>8,052</u>	<u>8,895</u>
TOTAL	13,704	5,653	7,468	10,390	11,715

Source: Construction Industry Research Board, Building Permit Summary

APPENDIX D
FISCAL CONSULTANT'S REPORT

APPENDIX E
FORM OF CO-BOND COUNSEL OPINION



APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
CARSON MERGED AND AMENDED PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2014A**

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY (the "**Successor Agency**") in connection with the execution and delivery of the bonds captioned above (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2014 (the "**Indenture**"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the Successor Agency's fiscal year (currently March 31 based on the Successor Agency's fiscal year end of June 30).

"*Dissemination Agent*" means _____ [Trustee is 2009 Bonds Dissemination Agent], or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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



"Official Statement" means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

"Participating Underwriter" means Stifel, Nicholas & Co., Incorporated and Cabrea Capital Markets, LLC., the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) An update with respect to the current fiscal year of the financial information in Table 1-Assessed Values, Table 2-Land Use Category Summary, and Table 5-Ten Largest Taxpayers;

(ii) An update for with respect to the preceding fiscal year fiscal year of the financial information in Table 9-Debt Service Coverage using an updated "Net Tax Increment" amount calculated in the same manner as the next to last column of Table 8; and

(iii) An update of the information set for in tabular form under the heading "SECURITY FOR THE BONDS-Recognized Obligation Payment Schedules or ROPS" relating to the timely filing of Recognized Obligation Payment Schedules and a description of any changes in the law that affects the manner of the filing of Recognized Obligation Payment Schedules.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.



- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the



event's occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

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

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Kosmont Realty Corp. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.



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

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.



(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2014

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____

Name: _____

Title: _____



EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Carson Redevelopment Agency

Name of Issue: Successor Agency to the Carson Redevelopment Agency
Carson Merged and Amended Tax Allocation Refunding Bonds,
Series 2104A

Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of _____, 2014, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____

APPENDIX G
BOOK-ENTRY ONLY SYSTEM



APPENDIX H
STATE DEPARTMENT OF FINANCE APPROVAL LETTER



V. FISCAL IMPACT

Overall present value savings of \$5,464,808.00 with approximately 7% going to the City's General fund.

VI. EXHIBITS

1. Disposition, December 17, 2013, CSA Item No. 3. (pgs. 6-7)
2. Minutes, January 9, 2014, OBSA Item No. 1. (pg. 8)
3. Resolution No. 14-04-CSA. (pgs. 9-12)
4. Preliminary Official Statement for Project Area No. 1. (pgs. 13-105)
5. Preliminary Official Statement for Merged and Amended Project Area. (pgs. 106-202)

Prepared by: Linda F. Mann, Principal Administrative Analyst

TO: Rev02-24-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by Successor Agency

Date _____ Action _____

NEW BUSINESS DISCUSSION (Item 3)

- ITEM NO. (3) CONSIDER ADOPTION OF RESOLUTION NO. 13-26 APPOINTING AN UNDERWRITER IN CONNECTION WITH THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY; RESOLUTION NO. 13-27 AUTHORIZING THE REFUNDING OF VARIOUS BOND ISSUES RELATED TO THE FORMER MERGED AND AMENDED PROJECT AREA IN ACCORDANCE WITH THE DIRECTION OF THE OVERSIGHT BOARD TO ACHIEVE DEBT SAVINGS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A PURCHASE CONTRACT, AND OTHER AGREEMENTS AND TAKING OTHER ACTIONS RELATED THERETO; AND RESOLUTION NO. 13-28, AUTHORIZING THE REFUNDING OF VARIOUS BOND ISSUES RELATED TO FORMER REDEVELOPMENT PROJECT AREA NO. 1 IN ACCORDANCE WITH THE DIRECTION OF THE OVERSIGHT BOARD TO ACHIEVE DEBT SAVINGS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A PURCHASE CONTRACT, AND OTHER AGREEMENTS AND TAKING OTHER ACTIONS RELATED THERETO (COMMUNITY DEVELOPMENT)**

RECOMMENDATION for the Successor Agency:

TAKE the following actions:

1. WAIVE further reading and ADOPT RESOLUTION NO. 13-26, "A RESOLUTION OF THE CARSON SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPOINTING AN UNDERWRITER IN CONNECTION WITH THE ISSUANCE OF REFUNDING BONDS."
2. WAIVE further reading and ADOPT RESOLUTION NO. 13-27, "A RESOLUTION OF THE CARSON SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE REFUNDING OF VARIOUS BOND ISSUES RELATED TO THE FORMER MERGED AND AMENDED PROJECT AREA IN ACCORDANCE WITH THE DIRECTION OF THE OVERSIGHT BOARD PURSUANT TO ITS RESOLUTION NO. OBSA-13-04 TO ACHIEVE DEBT SAVINGS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A PURCHASE CONTRACT, AND OTHER AGREEMENTS AND TAKING OTHER ACTIONS RELATED THERETO."
3. WAIVE further reading and ADOPT RESOLUTION NO. 13-28, "A RESOLUTION OF THE CARSON SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE REFUNDING OF VARIOUS BOND ISSUES RELATED TO FORMER REDEVELOPMENT PROJECT AREA NO. 1 IN ACCORDANCE WITH THE DIRECTION OF THE OVERSIGHT BOARD PURSUANT TO ITS RESOLUTION NO. OBSA-13-04 TO ACHIEVE DEBT SAVINGS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A PURCHASE CONTRACT, AND OTHER AGREEMENTS AND TAKING OTHER ACTIONS RELATED THERETO."

ACTION: It was moved to approve staff recommendation nos. 1, 2, and 3 on motion of Gipson and seconded by Davis-Holmes.

During discussion of the motion, Council Member/Agency Member/Authority Commissioner Robles offered a substitute motion to direct staff to retain the underwriting firms of Stifel, Nicolaus & Company, Inc. and Cabrera Capital Markets, LLC on a 50/50 basis and seconded by Santarina.

The substitute motion was unanimously carried by the following vote:

Ayes:	Mayor/Agency Chairman/Authority Chairman Dear, Mayor Pro Tem/Agency Vice Chairman/Authority Vice Chairman Santarina, Council Member/Agency Member/Authority Commissioner Davis-Holmes, Council Member/Agency Member/Authority Commissioner Gipson, and Council Member/Agency Member/Authority Commissioner Robles
Noes:	None
Abstain:	None
Absent:	None



MINUTES

**OVERSIGHT BOARD TO THE FORMER
CARSON REDEVELOPMENT AGENCY**

SPECIAL MEETING

JANUARY 9, 2014

**ITEM NO. (1) CONSIDER RESOLUTION NO. OBSA14-11 APPROVING THE ISSUANCE OF TAX
ALLOCATION REFUNDING BONDS OF THE CARSON SUCCESSOR AGENCY TO
REFUND BONDS OF THE FORMER CARSON REDEVELOPMENT AGENCY, AND
APPROVING RELATED ACTIONS OF THE SUCCESSOR AGENCY**

Recommendation for the Oversight Board:

1. WAIVE further reading and ADOPT Resolution No. OBSA14-11, "A RESOLUTION OF THE OVERSIGHT BOARD TO THE FORMER CARSON REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS OF THE CARSON SUCCESSOR AGENCY TO REFUND BONDS OF THE FORMER CARSON REDEVELOPMENT AGENCY, AND APPROVING RELATED ACTIONS OF THE SUCCESSOR AGENCY."

ACTION: Chair Dear declared the Public Hearing open.

Board Secretary Nursement reported that notice of Public Hearing had been given pursuant to applicable law. No written communications were received.

Chair Dear directed that all affidavits of notice be made part of the record.

There being no persons wishing to testify, Chair Dear declared the Public Hearing closed.

WITH FURTHER READING WAIVED, Resolution No. OBSA14-11 was PASSED, APPROVED and ADOPTED, as read by title only, on motion of Board Member Gray, seconded by Vice-Chair Curry and unanimously carried by the following vote:

Ayes: Chair Dear, Vice-Chair Curry, Board Member Gray, and
Board Member Sztorch
Noes: None
Abstain: None
Absent: Board Member Kaji, Board Member Hidalgo, Board
Member Walsh

RESOLUTION NO. 14-04-CSA

A RESOLUTION OF THE CARSON SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPROVING PRELIMINARY OFFICIAL STATEMENTS AND AUTHORIZING EXECUTION OF FINAL OFFICIAL STATEMENTS IN ACCORDANCE WITH THE DIRECTION OF THE SUCCESSOR AGENCY PURSUANT TO RESOLUTION NOS. CSA13-27 AND CSA13-28, AND TAKING CERTAIN OTHER ACTIONS RELATED THERETO

WHEREAS, prior to dissolution, the Carson Redevelopment Agency (the "Redevelopment Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (together with California Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and AB No. 1484, the "Law"), including the power to borrow funds and issue bonds for any of its corporate purposes, including implementation of the provisions of the redevelopment plans enacted within its project areas; and

WHEREAS, pursuant to California Health and Safety Code § 34173(d), upon dissolution of the Redevelopment Agency, the Carson Successor Agency is the successor agency (the "Successor Agency") to the Redevelopment Agency with respect to the Redevelopment Agency's outstanding bonds, as confirmed by Resolution Nos. 12-003 and 12-018 adopted by the City Council of the City of Carson on January 9, 2012 and January 30, 2012, respectively; and

WHEREAS, the Redevelopment Agency formerly issued \$3,155,000 aggregate principal amount of its Carson Redevelopment Agency (Redevelopment Project Area No. 1) Tax Allocation Bonds, Series 2003, and \$32,495,863 initial principal amount of its Redevelopment Tax Allocation Bonds, Series 2003B (Project Area No. 1) (the "Prior Project Area No. 1 Bonds"); and

WHEREAS, the Redevelopment Agency also formerly issued the following bonds (collectively referred to herein as the "Prior Merged Bonds" and, together with the Prior Project Area No. 1 Bonds, the "Prior Bonds"):

- (a) \$18,500,000 Carson Redevelopment Agency Tax Allocation Refunding Bonds, 2003 Series A (Carson Merged and Amended Project Area);
- (b) \$4,195,000 Carson Redevelopment Agency Tax Allocation Refunding Bonds, 2003 Series B (Carson Merged and Amended Project Area);
- (c) \$11,800,000 Carson Redevelopment Agency Tax Allocation Bonds, 2003 Series C (Carson Merged and Amended Project Area); and

WHEREAS, pursuant to Resolution No. OBSA13-04 of the Oversight Board to the Successor Agency, adopted on July 22, 2013, the Successor Agency has been directed by the Oversight Board to refund all or part of the Prior Bonds; and

[MORE]

EXHIBIT NO. 03



WHEREAS, pursuant to Resolution Nos. CSA13-27 and CSA13-28, both adopted on December 17, 2013, the Successor Agency authorized the issuance of its (i) Merged and Amended Project Area Tax Allocation Refunding Bonds, Series 2014A (the "Merged Bonds") and the Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A (the "Project Area No. 1 Bonds" and, collectively, the "Refunding Bonds"), directed the preparation of continuing disclosure certificates and preliminary official statements relating to the Refunding Bonds, and found all necessary conditions to have been met to issue the Refunding bonds; and

WHEREAS, pursuant to Resolution No. OBSA 14-11, the Oversight Board approved the issuance of the Refunding Bonds, and found that no further authorization would be required; and

WHEREAS, the Successor Agency will sell the Refunding Bonds to Stifel Nicolaus & Co., Inc., as managing underwriter and Cabrera Capital Markets LLC, as co-underwriters (the "Underwriter"), pursuant to the terms of bond purchase contracts, forms of which were approved pursuant to Resolution Nos. CSA13-26, CSA13-27, and CSA13-28; and

WHEREAS, in order to effect the sale of the Project Area No. 1 Bonds by the Successor Agency, and the refunding of part of the Prior Project Area No. 1 Bonds, the Successor Agency desires to approve a form of a Preliminary Official Statement for the Project No. 1 Bonds ("Project Area No. 1 Preliminary Official Statement"), a form of which is on file with the City Clerk; and

WHEREAS, in order to effect the sale of the Merged Bonds by the Successor Agency, and the refunding of the Prior Merged Bonds, the Successor Agency desires to approve a form of a Preliminary Official Statement for the Merged Bonds ("Merged Preliminary Official Statement"), a form of which is on file with the City Clerk; and

WHEREAS, in order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Successor Agency further desires to approve the form and authorize the execution and delivery of a continuing disclosure certificate with respect to the Merged Bonds (the Merged Certificate") and the Project Area No. 1 Bonds (the "Project Area No. 1 Certificate"), forms of which are on file with the City Clerk; and

WHEREAS, pursuant to Resolution No. OBSA14-11, no further approval of the Oversight Board or the Department of Finance for the State of California is necessary.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, ACTING AS CARSON SUCCESSOR AGENCY FOR THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of the Project Area No. 1 Certificate. The form of the Project Area No. 1 Certificate provided for in the Project Area No. 1 Preliminary Official Statement is hereby approved. The Mayor, Mayor Pro Tempore, Finance Director or Treasurer, and City Manager, as successors to the Chair, Vice Chair, Treasurer and Executive Director of the Redevelopment Agency, respectively or as provided in Section 10 hereof (the "Designated Officers") are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Project Area No. 1 Certificate in substantially said

[MORE]



form, with such changes therein as the Designated Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Approval of the Merged Certificate. The form of the Merged Certificate provided for in the Merged Preliminary Official Statement. The Designated Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Merged Certificate in substantially said form, with such changes therein as the Designated Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Approval of Project Area No. 1 Preliminary Official Statement. The form of the Project Area No. 1 Preliminary Official Statement describing the Project Area No. 1 Bonds, the Successor Agency, Project Area No. 1, and certain other information deemed material to an informed investment decision relating to the Project Area No. 1 Bonds, is hereby approved. The Designated Officers are each hereby authorized to certify on behalf of the Successor Agency that the Project Area No. 1 Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12, except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12.

Section 5. Approval of Project Area No. 1 Official Statement. The preparation and delivery of a final Official Statement for the Project Area No. 1 Bonds (the "Project Area No. 1 Official Statement"), and use of such by the Underwriter in connection with the offering and sale of the Project Area No. 1 Bonds, is hereby authorized and approved. The Project Area No. 1 Official Statement shall be in substantially the form of the related Project Area No. 1 Preliminary Official Statement with such changes, insertions and omissions as may be approved by a Designated Officer, such approval to be conclusively evidenced by the delivery thereof. The Designated Officers are each hereby authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute and deliver the final Project Area No. 1 Official Statement and any supplement or amendment thereto to the Underwriter.

Section 6. Approval of Merged Preliminary Official Statement. The form of the Merged Preliminary Official Statement describing the Merged Bonds, the Successor Agency, the Merged and Amended Project Area and certain other information deemed material to an informed investment decision relating to the Merged Bonds, is hereby approved. The Designated Officers are each hereby authorized to certify on behalf of the Successor Agency that the Merged Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12, except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12.

Section 7. Approval of Merged Official Statement. The preparation and delivery of a final Official Statement for the Merged Bonds (the "Merged Official Statement"), and use of such by the Underwriter in connection with the offering and sale of the Merged Bonds, is hereby authorized and approved. The Merged Official Statement shall be in substantially the form of the related Merged Preliminary Official Statement with such changes, insertions and omissions as may be approved by a Designated Officer, such approval to be conclusively evidenced by the delivery thereof. The Designated Officers are each hereby authorized and directed, for and in the



name of and on behalf of the Successor Agency, to execute and deliver the final Merged Official Statement and any supplement or amendment thereto to the Underwriter.

Section 8. Amendments. The Designated Officers are each hereby authorized to approve corrections and additions to the Preliminary Official Statement and the Official Statement for the Merged Bonds and Project Area No. 1 Bonds by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by a Designated Officer as necessary to cause the information contained therein to conform to facts material to the Merged Bonds or the Project Area No. 1 Bonds, respectively, the proceedings of the Successor Agency or the form of the document upon consultation with Disclosure Counsel.

Section 9. No Further Action Required. Pursuant to Resolution No. OBSA14-11, no further approval of the Oversight Board or State Department of Finance is required.

Section 10. Designated Officers. The Designated Officers may also execute all bond documents mentioned herein and in Resolution Nos. CSA13-26, CSA13-27, and CSA13-28 in their capacities as Chair (Mayor), Vice Chair (Mayor-Pro Tem), Executive Director (City Manager), Treasurer (Treasurer) and Secretary (City Clerk) of the Successor Agency.

Section 11. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that the Successor Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 12. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED and ADOPTED this ____ day of _____, 2014.

Chair Jim Dear

ATTEST:

Secretary Donesia L. Gause, CMC



PRELIMINARY OFFICIAL STATEMENT DATED _____, 2014

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "___"

See "CONCLUDING INFORMATION - Rating" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel and Tax Counsel to the Successor Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Tax Counsel, interest on the Series 2014A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Tax Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014A Bonds. See "CONCLUDING INFORMATION — Tax Matters" herein.

[\$Bond Amount]*

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
Carson Merged and Amended Project Area
Tax Allocation Refunding Bonds, Series 2014A

Dated: Date of Delivery**Due: As shown on the inside front cover**

The Successor Agency to the Carson Redevelopment Agency (the "Successor Agency") will issue its Carson Merged and Amended Project Area Tax Allocation Refunding Bonds, Series 2014A (the "Series 2014A Bonds") under an Indenture, dated as of _____ 1, 2014, (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2014A Bonds (the "Trustee"). Proceeds of the Series 2014A Bonds will be used to (i) refund certain outstanding indebtedness previously issued by the Carson Redevelopment Agency (the "Former Agency"), (ii) fund a debt service reserve fund for the Series 2014A Bonds or purchase a reserve account surety bond and (iii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds. The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.

The Series 2014A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as securities depository of the Series 2014A Bonds. Individual purchases of the Series 2014A Bonds may be made in book-entry form only, in multiples of \$5,000. Principal of and interest on the Series 2014A Bonds will be paid directly to DTC by the Trustee. Principal of the Series 2014A Bonds is payable on the dates set forth on the inside cover page hereof. Interest on the Series 2014A Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2014 (each, an "Interest Payment Date").

The Series 2014A Bonds are subject to mandatory redemption as described herein. The Series 2014A Bonds are not subject to optional redemption. See "THE SERIES 2014A BONDS - Redemption."

The Series 2014A Bonds are special obligations of the Successor Agency payable from and secured by Pledged Tax Revenues, as defined herein, allocated to and received by the Successor Agency with respect to its Carson Merged and Amended Project Area (the "Project Area") and funds and accounts held under the Indenture as described herein. Subject to certain conditions, additional obligations on a parity basis with the Series 2014A Bonds may be incurred in the future by the Successor Agency.

THE SERIES 2014A BONDS ARE NOT A DEBT OF THE CITY OF CARSON (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE"), OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE, NOR ANY OF THEIR POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE SERIES 2014A BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE SUCCESSOR AGENCY AS SET FORTH IN THE INDENTURE. NEITHER THE MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY FOR THE SERIES 2014A BONDS. THE SUCCESSOR AGENCY HAS NO TAXING POWER. THE SERIES 2014A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2014A Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, and Aleshire & Wynder LLP, Irvine, California, Co-Bond Counsel. Orrick, Herrington & Sutcliffe LLP is also tax counsel. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel, and for the Successor Agency by Aleshire & Wynder as Successor Agency Counsel. It is anticipated that the Series 2014A Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2014.

[Underwriter Logo]

The date of this Official Statement is _____, 2014.

[Underwriter Logo]

Preliminary, subject to change.

EXHIBIT NO. 05



MATURITY SCHEDULE FOR THE SERIES 2014A BONDS

\$_____ Serial Bonds*

(Base CUSIP: _____)

Maturity Date October 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP No. [†]
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* Preliminary, subject to change.

[†] CUSIP numbers have been assigned to this issue by CUSIP Global Services, managed by Standard & Poor's Services LLC on behalf of The American Bankers Association, and are included solely for the convenience of the owners of the Series 2014A Bonds. Neither the Successor Agency nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2014A 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 the Series 2014A Bonds.



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

SUCCESSOR AGENCY GOVERNING BODY AND CITY COUNCIL MEMBERS

Jim Dear, Mayor
Elito M. Santarina, Mayor Pro Tem
Lula Davis-Holmes, Council Member
Mike A Gibson, Council Member
Albert Robles, Council Member

SUCCESSOR AGENCY STAFF AND CITY STAFF

Jacquelyn Acosta, Acting City Manager
Aleshire & Wynder, Successor Agency Counsel and City Attorney
Karen Avilla, Successor Agency Treasurer and City Treasurer
Donesia L. Gause, Successor Secretary and City Clerk

SPECIAL SERVICES

Financial Advisor
C.M. de Crinis & Co., Inc.
Glendale, California

Co-Bond Counsel and Tax Counsel
Orrick, Herrington & Sutcliffe
Los Angeles, California

Co-Bond Counsel
Aleshire & Wynder, LLP
Irvine, California

Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Consultant
DHA Consulting
Long Beach, California

Trustee/Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California



GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series 2014A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Successor Agency.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2014A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Successor Agency and other sources which are believed to be reliable.

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof.

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and the law, and do not purport to be complete statements of any or all of such provisions.

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 Series 2014A Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency, the County, the California Department of Finance or the other entities described in this Official Statement, or the condition of the property within the Project Area since the date of this Official Statement.

Website. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with Municipal Securities Rule Making Board through the Electronic Municipal Market Access ("EMMA") website. The City of Carson maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2014A Bonds.

TABLE OF CONTENTS

INTRODUCTION	1	Major Taxpayers	31
Authority and Purpose	1	Historic Assessed Valuation Growth	34
City and the Successor Agency	1	Assessment Appeals	35
The Redevelopment Plan	2	Tax Sharing Agreements	39
Tax Allocation Financing	3	Tax Sharing Statutes	40
Security for the Series 2014A Bonds	4	Outstanding Indebtedness of the Project	
Reserve Account	4	Area	41
Bond Insurance	4	Owner Participation Agreement: The	
The County and the County Auditor		Boulevards at South Bay Project	41
Controller	4	Projected Taxable Valuation and Pledged	
Professionals Involved in the Offering	5	Tax Revenues; Debt Service Coverage ..	42
Summaries of Documents	5	BONDOWNERS' RISKS	46
Continuing Disclosure	6	Recognized Obligation Payment Schedules ..	46
THE REFINANCING PLAN	7	Challenges to Dissolution Act	48
Use of Series 2014A Bond Proceeds	7	Certain Uncertainties Regarding	
Plan of Refunding	7	Dissolution Act	48
Sources and Uses of Funds	7	Bonds Are Limited Obligations and Not	
THE SERIES 2014A BONDS	9	General Obligations	49
Authority for Issuance	9	Reduction in Taxable Value; Plan	
Description of the Series 2014A Bonds	9	Limitations	49
Redemption	10	Reduction in Inflationary Rate and Changes	
Redemption Provisions	11	in Legislation; Further Initiatives	50
Registration, Transfer and Exchange	12	Unsecured Property	50
Book-Entry Only System	13	Concentration of Ownership	50
THE DISSOLUTION ACT	13	Levy and Collection	51
SECURITY FOR THE BONDS	15	Pro Rata Share of Housing Debt Service ..	51
Pledged Tax Revenues	15	Loss of Tax Exemption	51
Pledge of Former Housing Set Aside	16	Seismic Risk and Flood Risk	52
Flow of Funds under the Indenture	16	Property Tax Appeals	52
Reserve Account	17	Hazardous Substances	53
Issuance of Additional Bonds	17	Enforceability of Remedies	53
Recognized Obligation Payment Schedules		Investment of Funds	53
or ROPS	18	Assumptions and Projections	53
THE SUCCESSOR AGENCY TO THE		Secondary Market	54
CARSON REDEVELOPMENT AGENCY	21	PROPERTY TAXATION IN CALIFORNIA	55
Members and Officers	22	Property Tax Collection Procedures	55
Successor Agency Powers	22	Tax Collection Fees	56
Status of Compliance with Dissolution Act ..	22	Unitary Taxation of Utility Property	57
Successor Agency Fiduciary Fund	23	Former Housing Set-Aside	57
Successor Agency's Other Project Areas	23	Appropriations Limitations: Article XIII B of	
Consolidation of all Project Areas into a		the California Constitution	58
Single Project Area	23	Plan Limitations	58
THE CARSON MERGED AND AMENDED		CONCLUDING INFORMATION	59
PROJECT AREA	25	Tax Matters	59
Redevelopment Plan	25	Financial Advisor	61
Original Project Area 2	27	Fiscal Consultant	61
1983 Amendment Area	27	Verification of Mathematical Computation ..	61
Original Project Area 3	28	Rating	61
1997 Amendment Area	28	Underwriting	62
Plan Limitations	28	No Litigation	62
Base Year Assessed Valuation	30	Legal Matters	62
Tax Rates	31	Miscellaneous	62



APPENDIX A	SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	A-1
APPENDIX B	SUCCESSOR AGENCY FIDUCIARY FUND	B-1
APPENDIX C	GENERAL INFORMATION RELATING TO THE CITY OF CARSON	C-1
APPENDIX D	FISCAL CONSULTANT'S REPORT	D-1
APPENDIX E	FORM OF CO-BOND COUNSEL OPINION	E-1
APPENDIX F	FORM OF CONTINUING DISCLOSURE CERTIFICATE	F-1
APPENDIX G	BOOK-ENTRY ONLY SYSTEM	G-1
APPENDIX H	STATE DEPARTMENT OF FINANCE APPROVAL LETTER	H-1



\$[Bond Amount]*
SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
Carson Merged and Amended Project Area
Tax Allocation Refunding Bonds, Series 2014A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the Successor Agency to the Carson Redevelopment Agency (the "**Successor Agency**") of \$[Bond Amount]* aggregate principal amount of its Carson Merged and Amended Project Area, Tax Allocation Refunding Bonds, Series 2014A (the "**Series 2014A Bonds**"). This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to the Series 2014A Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

Authority and Purpose

The Series 2014A Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "**State**"), including the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) (the "**Redevelopment Law**") and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended (the "**Dissolution Act**" and, together with the Redevelopment Law, the "**Law**") and Article 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Refunding Law**"), a resolution of the Successor Agency adopted on December 17, 2013, and an Indenture, dated as of _____, 2014 (the "**Indenture**"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as the trustee (the "**Trustee**").

Proceeds of the Series 2014A Bonds will be used to refund the (i) the outstanding amount of Carson Redevelopment Agency, Tax Allocation Refunding Bonds, 2003 Series A (Carson Merged and Amended Project Area) (the "**Series 2003A Bonds**"), (ii) the outstanding amount of Carson Redevelopment Agency, Tax Allocation Refunding Bonds, 2003 Series B (Carson Merged and Amended Project Area) (the "**Series 2003B Bonds**") and (iii) the outstanding amount of Carson Redevelopment Agency, Tax Allocation Refunding Bonds, 2003 Series C (Carson Merged and Amended Project Area) (the "**Series 2003C Bonds**," and together with the Series 2003A Bonds and the Series 2003B Bonds, the "**Refunded Bonds**"). Proceeds of the Series 2014A Bonds will also be used (i) to fund a debt service reserve fund or bond debt service reserve fund surety policy for the Series 2014A Bonds and (ii) to pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds. The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.

City and the Successor Agency

The City of Carson (the "**City**") is located in Los Angeles County (the "**County**"), California. Incorporated in 1968 as a general law city, the City encompasses an area of approximately 19.24 square miles. The City operates according to the Council/Manager form of

* Preliminary, subject to change.

government. The City Manager is appointed by the City Council to manage the City's staff and generally implement policies established by the City Council. See "APPENDIX C - GENERAL INFORMATION RELATING TO THE CITY OF CARSON" for a more complete description of the City and the surrounding region.

The Carson Redevelopment Agency (the "**Former Agency**") was established pursuant to the Redevelopment Law and was activated by the City Council in September of 1971 by the adoption of Ordinance No. 71-196. The five members of the City Council served as the governing body of the Former Agency, and exercised all rights, powers, duties and privileges of the Former Agency.

On June 29, 2011, Assembly Bill No. 26 ("**AB X1 26**") was enacted together with a companion bill, Assembly Bill No. 27 ("**AB X1 27**"). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are 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 (as amended from time to time, collectively, the "**Dissolution Act**").

Pursuant to Section 34173 of the Dissolution Act, the City is the successor agency to the Former Agency. By Resolution No. 12-003, adopted by the City Council on January 9, 2012, the City elected to be the Successor Agency to the Former Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Redevelopment Plan

The Project Area (as defined below) consists of two formerly independent redevelopment project areas that were merged together for financing purposes on July 16, 1996 pursuant to Ordinance No. 96-1095. The two merged project areas are Redevelopment Project Area No. 2 and Redevelopment Project Area No. 3. At the time of the merger, additional territory was also added to the Project Area.

On February 19, 1974, the City Council, pursuant to Ordinance No. 74-295 of the City, approved and adopted the Redevelopment Plan for Project Area No. 2 of the Former Agency,



which was amended in 1975 by Ordinance No. 74-324 to add territory (collectively, the "**Original Project Area 2**"). On December 22, 1982, the City Council approved and adopted Ordinance No. 82-628, an amendment to the Redevelopment Plan for Project Area No. 2 (the "**1983 Amendment**") which added territory to Project Area No. 2 (the "**1983 Amendment Area**"). On January 5, 1987, the City Council adopted Ordinance No. 86-767, which established limitations on the Redevelopment Plan for Project Area No. 2 as required by changes to the Redevelopment Law. The Original Project Area and the 1983 Amendment Area were subsequently amended to establish redevelopment plan limitations relating to AB 1290. On July 16, 1984, the City Council, pursuant to Ordinance No. 84-695 of the City, approved and adopted the Redevelopment Plan for Project Area No. 3 of the Successor Agency (the "**Original Project Area 3**"). Original Project Area 3 was subsequently amended to establish limitations in connection with the Redevelopment Plan for Project Area No. 3 as required by changes to the Redevelopment Law. On July 16, 1996, the City Council approved Ordinance No. 96-1095, which merged Project Area No. 2 with Project Area No. 3 and added additional territory to Project Area No. 2 and Project Area No. 3 (the "**1997 Amendment Area**," and together with Project Area No. 2 and Project Area No. 3, the "**Project Area**") resulting in a merged redevelopment plan (the "**Redevelopment Plan**").

The Project Area consists of approximately 1,467 acres and includes retail, commercial, office, residential, industrial, recreation and public land uses. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."

Tax Allocation Financing

Prior to the enactment of AB X1 26 on June 29, 2011, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations. The Refunded Bonds are secured by a pledge of certain tax increment revenues allocated to the Project Area. After the issuance of the Series 2014A Bonds, the Refunded Bonds will no longer be Outstanding, as that term is defined in the Indenture, and tax increment revenues allocated to the Project Area will secure only the Series 2014A Bonds and the Carson Redevelopment Agency Carson Merged and Amended Project Area Subordinate Lien Tax Allocation Refunding Bonds, Series 2007A (the "**Series 2007A Bonds**"). The Series 2014A Bonds are secured by such tax increment revenues on a basis senior to the Series 2007A Bonds.

Section 34177.5(a) of the Law authorizes the issuance of refunding bonds, including the Series 2014A Bonds, to be secured by a pledge of, and lien on, Pledged Tax Revenues created by the Indenture. Pursuant to Section 34177.5(g) of the Law, the Series 2014A Bonds are further secured by a pledge of and lien on monies deposited from time to time in the Redevelopment Property Tax Trust Fund (the "**Redevelopment Property Tax Trust Fund**") administered by the Auditor-Controller of Los Angeles County (the "**County Auditor-Controller**"). Provided that the Successor Agency has complied with certain of its covenants relating to the timely submission of applicable recognized obligation payment schedules



approved by the State Department of Finance (the "**Recognized Obligation Payment Schedules**" or "**ROPS**"), the County Auditor-Controller is required by Section 34183(a)(2) of the Law to remit from Pledged Tax Revenues to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170(b) of the Law amounts required to pay debt service on the Series 2014A Bonds, plus any amount required to meet any deficiency in the Reserve Fund. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS".

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

Security for the Series 2014A Bonds

Section 34182(c)(2) of the Law requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund. Section 34177.5(g) of the Law provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS").

Section 34177.5(g) of the Law further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Law, such as the Series 2014A Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

Reserve Account

In order to further secure the payment of the principal of and interest on the 2014A Bonds, a Reserve Account in the Debt Service Fund is established by the Indenture, to be funded from proceeds of the Series 2014A Bonds or to be funded by the purchase of a reserve fund surety bond in an amount equal to the Reserve Account Requirement as defined in the Indenture (the "**Reserve Account Requirement**"). The initial Reserve Account Requirement for the Series 2014A Bonds is the amount of \$ _____. See "SECURITY FOR THE BONDS - Reserve Account".

Bond Insurance

The Successor Agency is also considering purchasing a bond insurance policy with respect to the Series 2014A Bonds, the premium of which would be paid from the proceeds of the Series 2014A Bonds.

The County and the County Auditor Controller



Pursuant to Section 34170.5(a) of the Law, the County Auditor-Controller is required to establish, maintain and administer the Carson Redevelopment Property Tax Trust Fund on behalf of the Successor Agency and on behalf of holders of Successor Agency enforceable obligations (e.g. bondholders). In its capacity as administrator of the Redevelopment Property Tax Trust Fund, the County Auditor-Controller is required to deposit into the Redevelopment Property Tax Trust Fund all of the property taxes (formerly tax increment) that comprise Pledged Tax Revenues, and to disburse from the Redevelopment Property Tax Trust Fund all amounts authorized pursuant to a Recognized Obligation Payment Schedule approved by the State Department of Finance (e.g. debt service on the Bonds). As such, the County Auditor-Controller plays an important role in ensuring the full and timely payment of debt service on the Series 2014A Bonds. See "BONDOWNERS' RISKS-Certain Uncertainties Regarding Dissolution Act".

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Series 2014A Bonds and as Escrow Agent with respect to the Refunded Bonds. Barthe & Wahrman PA, Minneapolis, Minnesota will act as Verification Agent with respect to the Refunded Bonds. DHA Consulting has acted as Fiscal Consultant to the Successor Agency and has prepared a report (set forth in "APPENDIX D" hereto) on projected taxable values and anticipated Pledged Tax Revenues. C.M. de Crinis & Co., Inc., Glendale, California, has served as Financial Advisor to the Successor Agency in connection with the Series 2014A Bonds and has assisted the Successor Agency in structuring the Series 2014A Bonds.

All proceedings in connection with the issuance of the Series 2014A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, and Aleshire & Wynder LLP, Irvine, California, Co-Bond Counsel. Orrick, Herrington & Sutcliffe LLP is also tax counsel. Aleshire & Wynder currently serves as legal counsel to the Successor Agency, and provides general legal services to the Successor Agency with respect to redevelopment matters. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriters by Nossaman LLP, Irvine, California, as Underwriters' Counsel. The fees and expenses of Co-Bond Counsel, Disclosure Counsel and the Financial Advisor are contingent upon the sale and delivery of the Series 2014A Bonds.

Summaries of Documents

This Official Statement includes descriptions of the Series 2014A Bonds, the Indenture, the Successor Agency, the City, the Project Area, the Law, and various agreements. The descriptions and summaries of documents do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements are qualified in their entirety by reference to each document and, with respect to certain rights and remedies, to laws and principles of equity relating to creditors' rights generally. Undefined capitalized terms shall have the meanings set forth in the Indenture. Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

This Official Statement speaks only as of its date, as set forth on the cover, and the information and expressions of opinion are subject to change without notice. Neither the delivery



of this Official Statement nor any sale of Series 2014A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or the City or the Project Area since the date set forth on the cover.

Continuing Disclosure

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**"), the Successor Agency has undertaken for the benefit of holders of the Series 2014A Bonds to provide financial information and operating data relating to the Successor Agency by not later than February 1 after the end of each Fiscal Year commencing with February 1, 2015, (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Information will be filed by the Successor Agency or on behalf of the Successor Agency by the Trustee, with the Electronic Municipal Market Access system of the Municipal Securities Rule Making Board ("**EMMA**"). The Successor Agency has engaged DHA Consulting to assist it in complying with its continuing disclosure obligations. The nature of the information to be provided in the Annual Information and the notices of material events is set forth under the caption "APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE." [The Successor Agency has met all previous filing requirements under other such continuing disclosure certificates or agreements. **[confirm]**]



THE REFINANCING PLAN

Use of Series 2014A Bond Proceeds

Proceeds from the sale of the 2014A Bonds, together with certain other available moneys, will be used to (i) refund the Refunded Bonds, (ii) fund a Reserve Account for the Series 2014A Bonds or to pay a reserve account surety bond premium and (iii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2014A Bonds [, including the premium of a bond insurance policy?].

Plan of Refunding

With respect to the Project Area, the Former Agency had previously issued the Refunded Bonds, as follows:

- The 2003A Bonds issued in the principal amount of \$18,500,000 and outstanding on the date hereof in the principal amount of \$10,720,000;
- The 2003B Bonds issued in the principal amount of \$4,195,000 and outstanding on the date hereof in the principal amount of \$2,455,000; and
- The 2003C Bonds issued in the principal amount of \$11,800,000 and outstanding on the date hereof in the principal amount of \$7,885,000.

Concurrently, with the issuance of the Series 2014A Bonds, the Successor Agency will enter into an Escrow Agreement with The Bank of New York Mellon Trust Company, N.A., as escrow agent for the Refunded Bonds (the "Escrow Agreement"). Amounts deposited in the respective escrow funds established under the Escrow Agreement will be held in cash uninvested or invested solely in full faith and credit obligations of the United States, the principal of and interest on which, together with any available cash to be held uninvested, and will be verified by Barthe & Wahrman PA, Minneapolis, Minnesota (the "**Verification Agent**"), to be sufficient to pay the redemption prices of the Refunded Bonds together with interest accrued to the dates fixed for redemption of the Refunded Bonds. As a result of the deposit and application of funds as provided in the Escrow Agreement, the lien securing payment of the Refunded Bonds, assuming the accuracy of the verified computations, will be defeased and all obligations with respect thereto will be discharged.

Sources and Uses of Funds

The following table shows the estimated sources and uses of the proceeds from the sale of the Series 2014A Bonds and certain other moneys:



Sources:

Principal Amount of Bonds

Plus: Refunded Bonds Available Funds*Less:* Underwriter's Discount*Plus:* Original Issue Premium/*Less:* Original Issue Discount**Total Sources****Uses:**Reserve Account⁽¹⁾

Series 2003A Bonds Escrow Fund

Series 2003B Bonds Escrow Fund

Series 2003C Bonds Escrow Fund

Costs of Issuance Account ⁽²⁾**Total Uses**

(1) May be funded with a reserve account surety bond.

(2) Costs of Issuance include fees and expenses for Co-Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Trustee, Successor Agency Counsel, printing expenses, bond insurance and reserve account surety bond premium, rating agency fees and other costs related to the issuance of the Series 2014A Bonds.

Annual Debt Service

The following table shows the scheduled annual debt service for the Series 2014A Bonds.

Bond Year Ending	Principal	Interest	Annual Debt Service
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THE SERIES 2014A BONDS

Authority for Issuance

The Series 2014A Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Dissolution Act (together, the "Law") and the Refunding Law. The issuance of the Series 2014A Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No.13-27, adopted on December 17, 2013 (the "**Resolution**"), and approved by the Oversight Board for the Successor Agency (the "**Oversight Board**") pursuant to Resolution No. OBSA14-11, adopted on January 9, 2014 (the "**Oversight Board Resolution**").

On _____, 2014, the State Department of Finance ("**DOF**") provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Series 2014A Bonds is approved by the DOF. Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the Department of Finance, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by the Department of Finance or the California State Controller. See "APPENDIX H – State Department of Finance Approval Letter."

The Series 2014A Bonds are special obligations of the Successor Agency and as such are not a debt of the City, the State, or any of their political subdivisions, and neither the City, the State, nor any of their political subdivisions is liable for their payment. In no event shall the Series 2014A Bonds be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Series 2014A Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limit or restriction. For a discussion of certain of the risks associated with the purchase of the Series 2014A Bonds, see "BONDOWNERS' RISKS" herein. The Successor Agency has no taxing powers.

Description of the Series 2014A Bonds

The Series 2014A Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof and will be dated their date of delivery. The Series 2014A Bonds mature on the respective dates and bear interest at the respective rates per annum set forth on the inside cover page. Interest on the Series 2014A Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2014 (collectively, the "Interest Payment Dates").

Interest on the Series 2014A Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. The Series 2014A Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the fifteenth day of the month



next preceding the first Interest Payment Date, in which event they shall bear interest from their Dated Date; provided, however, that if, at the time of registration of any Series 2014A Bond, interest is then in default on the Outstanding Series 2014A Bonds, such Series 2014A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2014A Bonds. Payment of interest on the Series 2014A Bonds due on or before the maturity or prior redemption of such Series 2014A Bonds shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof, as of the close of business on the 15th day of the month next preceding the Interest Payment Date, such interest to be paid by check mailed on each Interest Payment Date by first class mail to such registered owner at his address as it appears on such books, or, upon written request received by the Trustee prior to the fifteenth day of the month preceding an Interest Payment Date, of an Owner of at least \$1,000,000 in aggregate principal amount of Series 2014A Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Principal of and redemption premiums, if any, on the Series 2014A Bonds shall be payable upon the surrender thereof at maturity or the earlier redemption thereof at the corporate trust office of the Trustee. Principal of and redemption premiums, if any, and interest on the Series 2014A Bonds shall be paid in lawful money of the United States of America.

The Series 2014A Bonds will be issued as one fully registered Series 2014A Bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "DTC"). DTC will act as securities depository of the Series 2014A Bonds. Individual purchases may be made in book-entry form only, in the principal multiples of \$5,000. Purchasers will not receive certificates representing their interest in the Series 2014A Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2014A Bonds as described herein. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" herein.

Redemption*

No Optional Redemption. The Series 2014A Bonds are not subject to optional redemption by the Successor Agency.

Mandatory Sinking Fund Redemption. The Series 2014A Term Bonds maturing on October 1, 20__, are subject to mandatory redemption, in part by lot on October 1 in each year, commencing October 1, 20__, and the Series 2014A Term Bonds maturing on October 1, 20__ shall be subject to mandatory redemption in part by lot in each year, commencing October 1, 20__, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts and in the respective years as set forth in the following tables:

* Preliminary; subject to change.



Series 2014A
Term Bonds Maturing October 1, 20__

Sinking Fund Redemption Date	Principal Amount to be Redeemed
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Series 2014A
Term Bonds Maturing October 1, 20__

Sinking Fund Redemption Date	Principal Amount to be Redeemed
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Redemption Provisions

Purchase in Lieu of Redemption

In lieu of redemption of any Term Bond, amounts on deposit in the Debt Service Fund established by the Indenture or in the Sinking Account therein may also be used and withdrawn by the Trustee at any time, upon the request of the Successor Agency, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Principal Payment Date in any year will be credited towards and will reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

Notice of Redemption

Notice of redemption will be mailed by first class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. The Trustee shall also provide such notice of the redemption of Bonds at the time and as shall be required by the Municipal securities Rule Making Board. Each notice of redemption will state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to



be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Failure by the Trustee to give such notice to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so mailed will not affect the sufficiency of the proceedings for redemption.

Selection of Bonds for Redemption

If less than all Outstanding Bonds maturing on any one date are to be redeemed at any one time, the Trustee will select the Bonds to be redeemed by lot in any manner which the Trustee deems fair; provided, however, that if less than all the Outstanding Term Bonds of any maturity are called for redemption at any one time, the Successor Agency will specify a reduction in any Sinking Account installment payments required to be made with respect to such Bonds (in an amount equal to the amount of Outstanding Term Bonds to be redeemed) which, to the extent practicable, results in approximately equal annual debt service on the Bonds Outstanding following such redemption.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given as provided in the Indenture and funds are available for the payment of such redemption price of the Bonds called for redemption, no interest will accrue on such Bonds from and after the redemption date specified in such notice.

Registration, Transfer and Exchange

Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds is surrendered for transfer, the Successor Agency will execute and the Trustee will authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of other authorized denominations. The Trustee will require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Trustee will shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Successor Agency is not required to issue, register the transfer of or exchange any Bond during the fifteen (15) days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have been selected for redemption.



Book-Entry Only System

The Depository Trust Company ("DTC") will act as securities depository for the Series 2014A Bonds. The ownership of each such separate single fully registered Series 2014A Bond shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. For further information regarding DTC, please refer to "APPENDIX G" hereto.

THE DISSOLUTION ACT

Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended, contain provisions concerning the rights and obligations of the Successor Agency and others with respect to the dissolution of the Former Agency. Parts 1.8 and 1.85 are referred to herein as the "**Dissolution Act**".

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund established and administered by the County Auditor-Controller on behalf of the Successor Agency for the benefit of the holders of enforceable obligations. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Series 2014A Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

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

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the 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 to the Project Area, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/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 Plan Limit following the Delivery Date, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Law provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Law for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Law effectively eliminates the January 1, 1989 date from paragraph (b) above.

SECURITY FOR THE BONDS

Pledged Tax Revenues

All the Pledged Tax Revenues in the Redevelopment Obligation Retirement Fund, and all money in the Debt Service Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Successor Agency or the Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of the Bonds, and the Pledged Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Pledged Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof.

"Bonds" means the Series 2014A Bonds and any Additional Bonds. See "Issuance of Additional Bonds" below.

"Pledged Tax Revenues" means certain monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subsection (b) of Section 34170.5 of the Law and administered pursuant to subsections (c) and (d) of Section 34172(d), as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2014A Bonds, pursuant to subsection (b) of Section 16 of Article XVI of the Constitution of the State; **excluding** amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Former Agency low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law, to the extent required to pay the Pro Rata Share of Housing Debt Service. In accordance with the Dissolution Act, the Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; **excluding** amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Former Agency low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

With respect to the exclusion of the "Pro Rata Share of Housing Debt Service" in the definition of "Pledged Tax Revenues", the **"Pro Rata Share of Housing Debt Service"** is equal to the percentage of debt service on Housing Bonds (as defined in the Indenture) in the current Bond Year calculated by dividing the gross amount of taxes collected by the County pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year divided by the sum of (i) the amount of taxes allocated to, and received by, the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year plus (ii) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to Redevelopment Project Area No. 1, as defined in the Indenture and plus (iii) the gross amount of taxes collected by the County pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to



Redevelopment Project Area No. 4, as defined in the Indenture, in the last completed Fiscal Year. For the purpose of this calculation, the gross amount of taxes collected refers to taxes deposited by the County into the Redevelopment Property Tax Trust Fund prior to deducting pass through payment obligations or administrative fees charged by the County or the State of California.

A reduction in gross taxes received by the County for Redevelopment Project Area No. 1 or for Redevelopment Project Area No. 4 (due to a reduction of taxable values in such project area) could cause the Pro Rata Share of Housing Debt Service for the Project Area to increase.

For an analysis of the application of the Pro Rata Share of Housing Debt Service described above, see the column "Pro Rata Housing Debt Svc" in Table 9.

Pledge of Former Housing Set Aside

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. Accordingly, Pledged Tax Revenues are not subject to such set aside requirement and, except for the Pro Rata Share of Housing Debt Service, amounts formerly required to be set aside for such purpose are included in Pledged Tax Revenues pledged to the payment of debt service on the Series 2014A Bonds.

Flow of Funds under the Indenture

Redevelopment Obligation Retirement Fund. Pursuant to Section 34170.5 (b) of the Law, the Successor Agency has established a special fund known as the "Redevelopment Obligation Retirement Fund" which is held by the Successor Agency. The Successor Agency shall promptly deposit all of the Pledged Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund. All Pledged Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited in the Redevelopment Obligation Retirement Fund to pay debt service on the Bonds, including the Series 2014A Bonds, during such Bond Year pursuant to the preceding sentence shall be released from the pledge and lien under the Indenture. So long as any Series 2014A Bonds remain Outstanding under the Indenture, the Successor Agency shall not have any beneficial interest in or right to the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture.

Debt Service Fund. The Indenture establishes a special fund to be known as the "Carson Merged and Amended Project Area Debt Service Fund" (the "Debt Service Fund") which shall be held by the Trustee. On or before five (5) days preceding each Interest Payment Date, the Successor Agency shall transfer from the Redevelopment Obligation Retirement Fund to the Trustee for deposit in the Debt Service Fund an amount equal to the amount required to be transferred by the Trustee from the Debt Service Fund to the Interest Account, Principal Account, Sinking Account(s) and Reserve Account pursuant to the Indenture.

All such Pledged Tax Revenues deposited in the Redevelopment Obligation Retirement Fund shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Successor Agency.



Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund. All moneys in the Debt Service Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained), in the following order of priority:

- (1) Interest Account;
- (2) Principal Account;
- (3) Sinking Account; and
- (4) Reserve Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Indenture. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Reserve Account

On the date of delivery of the Series 2014A Bonds, a deposit will be made into the Reserve Account from proceeds of the Series 2014A Bond or by the purchase of a reserve account surety bond in an amount equal to the Reserve Account Requirement. Such amount will be available only for payment of the Series 2014A Bonds. "Reserve Account Requirement" means, as of any calculation date, with respect to each series of Bonds, an amount equal to the least of (i) 10% of the proceeds (within the meaning of Section 148 of the Code) of each Series of Bonds Outstanding, (ii) 125% of Average Annual Debt Service of such Bonds or (iii) Maximum Annual Debt Service of the Bonds. See APPENDIX A-SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Reserve Account" [Confirm]

[With the written consent of the Bond Insurer, if any,?] The Reserve Account Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Instrument (as defined in the Indenture) or any combination thereof, which in the aggregate makes funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. So long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon written request of the Successor Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Successor Agency. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Issuance of Additional Bonds

If then authorized by the Law, the Successor Agency may at any time after the issuance and delivery of the Series 2014A Bonds issue tax allocation bonds authorized, issued and delivered pursuant to the Indenture and other parity debt ("**Additional Bonds**") payable from Pledged Tax Revenues and secured by a lien and charge upon Pledged Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, but only subject to specific conditions.

These conditions include the requirement that Pledged Tax Revenues based upon the assessed valuation of taxable property in the Project Area (excluding any unsubordinated payments to taxing agencies pursuant to the Law and excluding the portion of Pledged Tax Revenues that is attributable to Project Area No. 3) and as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the



Successor Agency's adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds, shall be in an amount equal to at least **150%** of Maximum Annual Debt Service on all then Outstanding Bonds after giving effect to the issuance of such Additional Bonds, and any unsubordinated loans, advances or indebtedness payable from Pledged Tax Revenues pursuant to the Law. For a description of additional conditions and provisions applicable to the issuance of Additional Bonds, see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Recognized Obligation Payment Schedules or ROPS

The Dissolution Act provides that only "enforceable obligations" listed on a Recognized Obligation Payment Schedule approved by the State Department of Finance may be paid by a successor agency. The Dissolution Act defines "enforceable obligation" as 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.

The Dissolution Act defines "Recognized Obligation Payment Schedule" as the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Law.

In order to ensure the full and timely payment of all enforceable obligations, including the payment of all amounts required under the Indenture, the Dissolution Act requires each successor agency to submit a Recognized Obligation Payment Schedule to the successor agency's oversight board and the State Department of Finance not less than 90 days prior to each January 2 and June 1 pursuant to which all enforceable obligations of the successor agency are listed, together with the source of funds to be used to pay such obligations.

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (not applicable with respect to the Series 2014A Bonds)(and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations (see "THE REDEVELOPMENT PROJECT AREA - Tax Sharing Agreements-Tax Sharing Statutes");

(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 scheduled to be made for tax allocation bonds, such as the Series 2014A 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 Successor Agency covenants in the Indenture that it will punctually pay the principal of and interest and redemption premiums, if any, when due with respect to the Bonds, but only from Pledged Tax Revenues and will comply with all requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, the Successor Agency will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indenture to replenish the Reserve Account, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, plus the deposits required, to the extent Pledged Tax Revenues are available from the Project Area, to fund the payments on outstanding Bonds on October 1 in the then current calendar year. These 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 necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period.

The Successor Agency has a proven track record of submitting every Recognized Obligation Payment Schedule on time, as follows.

	Funding Period	ROPS Approved by Oversight Board	Approved ROPS Submitted to DOF	Deadline to Submit ROPS to DOF	ROPS Submitted On Time
ROPS I	Jan-Jun 2012	May 14, 2012	April 19, 2012 CSA- May 15, 2012 OB	April 15, 2012	(1)
ROPS II	Jul-Dec 2012	May 14, 2012	May 15, 2012	Jun 1, 2012	yes
ROPS III	Jan-Jun 2013	August 13, 2012	August 27, 2012	Sep 1, 2012	yes
ROPS 2013-14A	Jul-Dec 2013	February 27, 2013	February 27, 2013	Mar 1, 2013	yes
ROPS 2013-14B	Jan-Jun 2014	September 24, 2013	September 24, 2013	Oct 1, 2013	yes

(1) Successor Agency Approved April 17, 2012; Oversight Board's first meeting—May 8, 2012
Oversight Board ratified the SA 4/17 action on May 14, 2012.

Further, there are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the State Department of Finance at least 90-days prior to each January 2 and June 1, then the City will be subject to a



\$10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the State Department of Finance at least 80-days prior to each January 2 and June 1, then the Successor Agency's administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Series 2014A Bonds, see "BONDOWNER' RISKS – Recognized Obligation Payment Schedules."



THE SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

The Former Agency was activated on September 20, 1971, by the City Council of the City with the adoption of Ordinance No. 71-196, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 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, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Law, the City Council of the City became the Successor Agency to the Former Agency. By Resolution No. 12-003, adopted by the City Council on January 9, 2012, the City elected to be the Successor Agency to the Former Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Law, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.



Members and Officers

The members of the Successor Agency governing body are the elected Mayor and elected members of the Carson City Council.

The members of the Successor Agency Board and the expiration dates of their terms are as follows:

Name and Office	Term Expires
Jim Dear, Mayor	March 2017
Elito M. Santarina, Mayor Pro Tem	March 2015
Lula Davis-Holmes, Council Member	March 2015
Mike A Gibson, Council Member	March 2017
Albert Robles, Council Member	March 2017

The Secretary and Treasurer of the Successor Agency are the elected City Clerk and the elected City Treasurer of the City. The City Manager and his authorized designees constitute the staff of the Successor Agency.

Successor Agency Powers

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

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the Department of Finance will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved RDA and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion by letter dated August 9, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of



properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and Finance will review these plans as submitted on a rolling basis.

The Successor Agency submitted its Long Range Property Management Plan and received Department of Finance approval by letter dated October 23, 2013.

Successor Agency Fiduciary Fund

Set forth in APPENDIX B is the Fiscal Year 2012-13 financial statement with respect to the Successor Agency Fiduciary Fund which is excerpted from the audited City of Carson, California, Year End June 30, 2013 Comprehensive Annual Financial Report.

Successor Agency's Other Project Areas

The City Council of the City has previously established four redevelopment project areas in the City, and later created the Project Area by the merger of Project Area No. 2 and Project Area No. 3. The other project areas established by the City Council of the City are described below.

Redevelopment Project Area No. 1 ("**Project Area No. 1**") was adopted in 1971 by the City Council's approval of Ordinance No. 71-205, and with the amendment in 1974, covers approximately 635 acres primarily in the center of the City. In 1984, and 1996, the project was expanded by 1,000 acres to include the Carson Street corridor, refinery operations, and a portion of northwest Carson. Major properties within Project Area No. 1 include the South Bay Pavilion, Doubletree Hotel, Carson Civic Center, Dunn Industrial Park, Don Kott Auto Complex, and the Carson Town Center.

The City Council of the City adopted Ordinance 02-1254 on July 16, 2002 officially establishing Redevelopment Project Area No. 4 ("**Project Area No. 4**"). Project Area No. 4 is generally 11 non-contiguous areas totaling 1,231 acres located mostly in the center of the City. Project Area No. 4, when combined with Project Area No. 1, puts the entire Carson Street corridor into a redevelopment project area. In June of 2006 the City Council adopted the Carson Street Master Plan ("**CSMP**") for Carson Street between the I-405 freeway to the east and the I-110 freeway to the west. The CSMP, among other things, established design guidelines for this area with the aim of facilitating and stimulating both private and public sector investment along the Carson Street corridor. In 2014 the City will be implementing certain public improvements within the public right-of-way along the corridor. These improvements will include: street widening, directional monuments, street signals, curb and gutter, center median improvements, landscaping, etc., and will help effectuate the CSMP.

Consolidation of all Project Areas into a Single Project Area

Pursuant to Ordinance No. 10-1459, adopted October 11, 2010, the City Council, among other things, approved the "2010 Amendment" which amended the redevelopment plans for the Project Area, together with Project Area No. 1 and Project Area No. 4, to create the Carson Consolidated Project Area.



In Ordinance No. 10-1459 the City Council determined, among other things, that consolidation of the Project Areas assisted in the elimination of significant blighting conditions that remain in the Carson Consolidated Project Area, assisted in preventing the reoccurrence of such remaining blighting conditions, and enabled the Former Agency to fully achieve the goals and objectives for redevelopment of the Carson Consolidated Project Area pursuant to the Redevelopment Plan as amended by the 2010 Amendment. The City Council further determined that the adoption and carrying out of the 2010 Amendment was economically sound and feasible because the merger of Project Areas allowed the Former Agency greater flexibility in the use of its tax-increment revenues and that in the absence of merging the Project Areas, the Former Agency did not have the financial resources to address blight in each subarea if they remained as separate project areas.

Pursuant to the former Redevelopment Law, the debt of a project area that is merged with one or more other project areas remains an obligation payable solely by the tax increment revenue generated in such original project area.



THE CARSON MERGED AND AMENDED PROJECT AREA

Redevelopment Plan

Under the Redevelopment Law, redevelopment project areas were established by and redeveloped pursuant to a redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a "plan" in the customary sense of the word. The overall objective of the Redevelopment Plan for the Project Area is to eliminate blighted conditions in the Project Area by undertaking all appropriate projects pursuant to the Redevelopment Law. However, under the Dissolution Act, the Successor Agency is prohibited from undertaking any new redevelopment activities pursuant to the Redevelopment Plan.

The Carson Merged and Amended Project Area (the "**Project Area**") consists of two formerly independent redevelopment project areas, Project Area No. 2 and Project Area No. 3, that were merged together on July 16, 1996 pursuant to Ordinance No. 96-1095. At the time of the merger, additional territory was also added to Project Area No. 2 and Project Area No. 3, known as the "1997 Amendment Area."

The Project Area is located mostly in the central and southeastern portions of the City and is generally bordered by Carson Street on the north, Sepulveda Boulevard on the south, Avalon Boulevard to the west, and Alameda Boulevard on the east. The primary land uses in the Project Area are industrial, and to a lesser extent, commercial. The Project Area consists of approximately 1,467 acres of non-contiguous parcels.

Table 1 shows a breakdown of the amount of assessed valuation for 2013-14 within the Project Area and within each subarea of the Project Area. The total fiscal year 2013-14 assessed value for the Project Area is approximately \$1.589 billion. Table 2 shows a breakdown of the different land uses within the Project Area. For a detailed breakdown of the different land uses within each subarea, see Table 3.1 in "APPENDIX D — FISCAL CONSULTANT'S REPORT."



TABLE 1
Successor Agency to the Carson Redevelopment Agency
2013-14 Assessed Values
Carson Merged and Amended Project Area

Reported Assessed Values	Project No. 2 Original	Project No. 2 1983 Annex	Project No. 3 Original	Project No. 2/3 1997 Annex	Total Merged and Amended Project Area
Secured					
Land	\$ 232,270,720	\$ 34,119,838	\$ 164,415,493	\$ 87,955,236	\$ 518,761,287
Improvements	368,259,158	36,295,738	161,594,320	79,182,106	645,331,322
Personal Property	10,692,721	-	116,173,286	-	126,866,007
Subtotal	611,222,599	70,415,576	442,183,099	167,137,342	1,290,958,616
Other Exemptions	(5,045,653)	(328,071)	(2,651,603)	(59,008)	(8,084,335)
Locally Assessed Secured	606,176,946	70,087,505	439,531,496	167,078,334	1,282,874,281
SBE Values	849,723	-	2,514,018	-	3,363,741
Secured Total	607,026,669	70,087,505	442,045,514	167,078,334	1,286,238,022
Unsecured					
Land	-	-	-	-	-
Improvements	50,409,044	-	38,102,041	71,107,297	159,618,382
Personal Property	58,752,293	57,559	58,878,577	25,501,754	143,190,183
Subtotal	109,161,337	57,559	96,980,618	96,609,051	302,808,565
Other Exemptions	-	-	-	-	-
Unsecured Total	109,161,337	57,559	96,980,618	96,609,051	302,808,565
TOTAL VALUE	\$716,188,006	\$70,145,064	\$539,026,132	\$263,687,385	\$1,589,046,587
Percent of Total	45.07%	4.41%	33.92%	16.59%	100.00%

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

TABLE 2
Successor Agency to the Carson Redevelopment Agency
Land Use Category Summary
Carson Merged and Amended Project Area

Category	No. of Assessments	2013-14 Value	Percentage
Residential	1,328	\$ 267,240,482	16.82%
Commercial	93	153,952,928	9.69
Industrial	146	574,177,823	36.13
Recreational	3	1,027,422	0.06
Institutional	10	614,805	0.04
Vacant Land	116	75,042,389	4.72
SBE Non-Unitary	10	3,363,741	0.21
Unsecured	479	302,808,565	19.06
Escaped Assmts	4	2,011,650	0.13
Cross Reference Roll ⁽¹⁾	13	195,760,557	12.32
Other	7	13,046,225	0.82
Total	2,209	\$ 1,589,046,587	100.00%

(1) This category is secured property and includes possessory interest and other artificial parcel numbers assigned by County appraisers for convenience and control purposes. In the Project Area, the overwhelming majority of the value attributable to this category are private uses on private property owned by entities other than the lessee.

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

As shown in Table 2, over 36% of the 2013-14 assessed value for the Project Area is attributable to industrial uses and approximately 19% for unsecured property. In the Project Area unsecured property is comprised largely of fixture and equipment value for commercial/industrial uses. The third largest use is residential which comprises over 16.8% of



the 2013-14 assessed values. Twelve percent is categorized as cross reference interest (briefly, leasehold interests of private uses on publically-owned property). As discussed below, two of the major assessees in the Project Area represent unsecured property and two represent secured leasehold interests in property not owned by the lessee.

Original Project Area 2

The Redevelopment Plan for the Original Project Area of Project Area No. 2 (the "**Original Project Area 2**") was adopted in 1974 by the approval of Ordinance No. 74-295 and was amended by Ordinance No. 74-324 in 1975 to add territory. The Original Project Area 2 encompasses approximately 700 acres of industrial, residential, recreation, and public facilities land uses. The Watson Center South Industrial complex contains 500 of the 700 acres, and represents numerous individual industrial research and development facilities leased to a number of different users. See Tables 5.0 and 4.1 of "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a detailed view of the Original Project Area 2's land uses and top ten taxpayers.

In January 1987, the City Council in response to a change in the Redevelopment Law, adopted Ordinance 86-767 amending the Redevelopment Plan for the Original Project Area 2 setting the required limitations for the Original Project Area 2. Ordinance 86-767 established a 30-year time limit to issue debt that was revised by AB 1290 to January 1, 2004. The Ordinance also limited the total number of tax increment dollars that the Successor Agency is allowed to collect from the Original Project Area 2 to \$534,307,874. On November 4, 2003, the City Council adopted Ordinance No. 03-3 pursuant to SB 1045 to extend the life of the plan and the time period to collect tax increment revenues by one year. On May 1, 2007, the City Council adopted Ordinance No. 07-1379 pursuant to SB 211 and SB 1096 which eliminated the time limit to establish debt, and extended the duration of the Plan and its tax receipt deadlines by the maximum amounts permitted by law but also required the Successor Agency to pass-through certain revenues to the base year taxing entities beginning in fiscal year 2007-08.

1983 Amendment Area

On December 22, 1982, the City Council approved Ordinance No. 82-628, amending the Redevelopment Plan for Project Area No. 2 to add approximately 50 acres to the Original Project Area 2. Key properties within the 1983 Amendment Area include the Avalon Green condominium development and the Village Shopping Center. See Tables 1.1 and 2.1 of "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a detailed view of the 1983 Amendment's land uses and top ten taxpayers.

The 1983 Amendment set a limitation of \$24,000,000 as the amount of tax increment dollars that the Successor Agency may collect from the 1983 Amendment Area. The 1983 Amendment set the limitation on the amount of outstanding bonded debt for the 1983 Amendment Area at \$8,000,000. The Successor Agency entered into the County Agreement (defined below-see "Tax Sharing Agreements") to pass through certain tax increment revenue from the 1983 Amendment Area to the County and the Fire District. The County Agreement further reduces the cumulative limit of \$24,000,000 by providing that amounts of tax increment revenues in excess of \$8,000,000 are to be used exclusively for County deferral payments under the County Agreement. On November 4, 2003, the City Council adopted Ordinance No. 03-3 pursuant to SB 1045 to extend the life of the plan and the time period to collect tax increment revenues by one year. On May 1, 2007, the City Council adopted Ordinance No. 07-1379 pursuant to SB 211 and SB 1096 which eliminated the time limit to establish debt, and



extended the duration of the Plan and its tax receipt deadlines by the maximum amounts permitted by law but also requires the Successor Agency to pass-through certain revenues to the base year taxing entities beginning in fiscal year 2007-08.

References herein to Project Area No. 2 are meant to include both the Original Project Area 2 and the 1983 Amendment Area.

Original Project Area 3

The Redevelopment Plan for the Original Project Area of Project Area No. 3 was adopted in 1984 by the approval of Ordinance No. 84-695. The Original Project Area 3 encompasses approximately 650 acres of heavy industrial uses.

The Redevelopment Plan for the Original Project Area 3 set a limitation of \$250,000,000 (expressed in 1984 dollars, adjusted annually according to a consumer price index) as the amount of tax increment dollars that the Successor Agency may collect from the Original Project Area 3. The ordinance establishing the Original Project Area 3 also set the limitation on the amount of outstanding bonded debt for the Original Project Area 3 at \$80,000,000 (expressed in 1984 dollars, adjusted annually according to a consumer price index). On November 4, 2003, the City Council adopted Ordinance No. 03-3 pursuant to SB 1045 to extend the life of the plan and the time period to collect tax increment revenues by one year. On May 1, 2007, the City Council adopted Ordinance No. 07-1379 pursuant to SB 211 which eliminated the time limit to establish debt but also required the Successor Agency to pass-through certain revenues to the base year taxing entities beginning in fiscal year 2006-07. See Tables 5.0 and 4.2 of "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a detailed view of the Original Project Area 3's land uses and top ten taxpayers.

1997 Amendment Area

In July of 1996, the City Council approved Ordinance No. 96-1095, merging Project Area No. 2 (including the Original Project Area 2 and the 1983 Amendment Area) with Project Area No. 3, and adding approximately an additional 65 acres of industrial and retail uses to Project Area No. 2 and Project Area No. 3. See Tables 1.2 and 2.2 of "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a detailed view of the 1997 Amendment's land uses and top ten taxpayers. The limitation on the amount of outstanding bonded debt for the 1997 Amendment Area was established at \$35,000,000. In November 2003, the City Council adopted Ordinance No. 03-3 pursuant to SB 1045 to extend the life of the plan and the time period to collect tax increment revenues by one year.

References herein to Project Area No. 3 are meant to include both the Original Project Area 3 and the 1997 Amendment Area.

Plan Limitations

In 1976, the Legislature enacted AB 3674 (Statutes of 1976, Chapter 1337) that added Section 33333.2, 33334.1 and 33354.6 to the Redevelopment Law. Section 33333.2 (now, 33333.4) requires redevelopment plans adopted on or after October 1, 1976, to contain a limit on the number of tax dollars which may be divided and allocated to a redevelopment agency pursuant to its redevelopment plan (except for plans or amendments adopted after 1994), a time limit on the establishing of loans, advances and indebtedness to finance, in whole or in part, the



redevelopment project and a time limit not to exceed twelve years for the commencement of eminent domain proceedings to acquire property within the project area.

Section 33334.1 requires a redevelopment plan adopted on or after October 1, 1976, to contain a limit on the amount of bonded indebtedness that can be outstanding at one time. Section 33354.6 provides that with respect to any amendment of a redevelopment plan (which provides for the allocation of taxes) to add new territory to a project area, the agency must follow the procedures and be subject to the same restriction as provided in the adoption of a new redevelopment plan.

In 1993, the Legislature enacted Assembly Bill No. 1290, Chapter 942 (which is codified, in part, at Section 33333.6 of the Redevelopment Law), which established the following limits on plans adopted after 1994 and established additional limits on redevelopment plans adopted prior to 1994 and to amendments to such plans which add new territory: (1) the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or plan amendment, or January 1, 2004, whichever is later; (2) the life of the existing redevelopment plan or amendment shall not exceed 40 years from the date of adoption or January 1, 2009, whichever is later; and (3) a redevelopment agency shall not pay indebtedness with tax increment beyond 10 years after its redevelopment plan or amendment expires except to fund deferred housing set-aside requirements of the Redevelopment Law and to repay indebtedness incurred prior to January 1, 1994.

Pursuant to Chapter 942, the City adopted Ordinance Nos. 94-1046 and 94-1047 on November 15, 1994, to provide for time limits of the Project Area as enumerated in Chapter 942.

Senate Bill No. 211 (Statutes of 2001 Chapter 741) ("SB 211") provides a procedure by which any redevelopment plan or amendment adopted prior to January 1, 1994 may extend the current time limit to incur indebtedness of its plan or amendment to the expiration date of the plan or amendment. The statute allows the legislative body the ability to adopt required ordinances without having to follow normal, lengthy procedures to amend its redevelopment plan or amendment. On May 1, 2007, the City Council adopted Ordinance No. 07-1379 pursuant to SB 211 to extend the time limits to incur indebtedness for Original Project Area 2, Original Project Area 3 and the 1983 Amendment Area. As a consequence of this amendment, the Successor Agency is required to pass through certain revenues to the taxing entities beginning in 2006-07. See "Tax Sharing Statutes" herein. These estimated additional pass through payments have been deducted from tax increment revenues in determining projected Pledged Tax Revenues.

In 2002, Senate Bill 1045 (Chapter 260 of Statutes of 2003), requires for fiscal year 2003-04, that all redevelopment agencies allocate specified amounts of tax increment to the County Auditor Controller for deposit into the Educational Revenue Augmentation Fund ("ERAF"). In recognition of the loss of revenue, SB 1045 allows amendment to redevelopment plans to extend by one year the life of the redevelopment plan and the time period in which to collect tax increment revenues. A year later, Senate Bill 1096 was passed which allows all redevelopment agencies which make ERAF payment in fiscal years 2004-05 and 2005-06 to amend plans and time periods to collect tax increment revenues for up to an additional two years, depending on existing age of the project area and the status of the agency's housing obligations. The legislative body of a redevelopment agency can adopt such ordinance without having to follow normal, lengthy procedures to amend their redevelopment plans. On November 4, 2003, the City adopted Ordinance No. 03-3 to amend Original Project Area 2, 1983 Amendment Area, Original Project Area 3 and 1997 Amendment Area with respect to SB 1045.



On May 1, 2007, the City adopted Ordinance No. 07-1379 to amend Original Project Area 2, 1983 Amendment Area, and Original Project Area 3 Area with respect to SB 211 and SB 1096.

The Plan Limits, as identified by Ordinance Nos. 94-1046, 94-1047, 03-3, and 07-1379, as well as the plan limits for the 1997 Amendment Area, are summarized below:

TABLE 3
Successor Agency to the Carson Redevelopment Agency
Redevelopment Plan Limit Summary
Carson Merged and Amended Project Area

Description	Original Project No. 2	1983 Amendment	Original Project No. 3	1997 Amendment
Establish Debt	Eliminated	Eliminated	Eliminated	8/16/2016
Duration of the Plan	2/19/2017	2/22/2025	7/16/2026	8/16/2027
Receipt of Tax Increment	2/19/2027	2/22/2035	7/16/2036	8/16/2037
Tax Increment Limit	\$534,307,874	\$8,000,000 ⁽¹⁾	\$250,000,000 ⁽²⁾	None
Bond Debt Limit	None	\$8,000,000 ⁽¹⁾	\$80,000,000 ⁽²⁾	\$35,000,000 ⁽²⁾

(1) A tax sharing agreement with Los Angeles County provides that all tax increment in excess of \$200,000 annually, or \$8 million in aggregate, be used to repay amounts which were previously deferred. See "Tax Sharing Agreements" below for additional information.

(2) These limits are to be adjusted annually for changes in the consumer price index. The amounts shown above represent the original, unadjusted limits.

Source: DHA Consulting, LLC

Through June 2, 2013, as reported by the County, the Original Project Area 2 had received approximately \$151.7 million of tax increment revenues, 1983 Amendment Area had received approximately \$5.9 million of tax increment revenues, and Original Project Area 3 had received approximately \$69.7 million of tax increment revenues. 1997 Amendment has no limit on the amount of tax increment revenues which may be collected. See "APPENDIX D - FISCAL CONSULTANT'S REPORT." The Successor Agency is of the opinion that these limitations will not impair its ability to pay debt service on the Series 2014A Bonds.

The Successor Agency has covenanted under the Indenture to annually review the total amount of Tax Revenues remaining available to be received by the Successor Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service (as defined in the Indenture). The Successor Agency will not accept Tax Revenues greater than Annual Debt Service, in any year, if such acceptance will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service, except for the purpose of depositing such revenues in escrow for the payment of interest on and principal of and redemption premiums, if any, on the Bonds.

Base Year Assessed Valuation

Based upon the County Auditor-Controller reports, the current net assessed base year valuation for the Project Area is as follows:



TABLE 4
Successor Agency to the Carson Redevelopment Agency
Base Year Values
Carson Merged and Amended Project Area

Description	Original Project No. 2	1983 Amendment	Original Project No. 3	1997 Amendment	Total Merged and Amended Project Area
Base Year Assessed Value	\$87,877,251	\$12,942,570	\$99,470,467	\$40,009,213	\$240,299,501
% of Total Base Year AV	36.6%	5.4%	41.4%	16.6%	100.0%

Source: DHA Consulting, LLC

Tax Rates

Property tax revenues allocated to the Successor Agency with respect to the Project area are computed based on the incremental assessed values for the Project Area multiplied by a 1.0% tax rate. Since redevelopment agencies were dissolved on February 1, 2012, actual taxes allocated by the County Auditor-Controller to with respect to the Project Area are based on this 1.0% tax rate. This is a slight reduction in the tax rate utilized prior to dissolution of the Former Agency. The projections by the Fiscal Consultant are based on a 1.0% tax rate. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."

Major Taxpayers

The following table shows the ten largest taxpayers in the Project Area on the secured and unsecured roll for the 2013-14 assessment year. The information has been gathered by the Successor Agency, but the accuracy or completeness of such information is not guaranteed by the Successor Agency.



TABLE 5
Successor Agency to the Carson Redevelopment Successor Agency
Ten Largest Property Taxpayers 2013-14
Carson Merged and Amended Project Area

	Assessee	Use	No. of Assmts	Subarea	2013-14 Value Secured	2013-14 Value Unsecured	2013 Value Total	% Proj. Val.	% Inc Val.
1	Watson Land Co. (1)	Commercial/Indust.	126	Project 2 & 3 Original	\$386,445,287	\$3,002,321	\$389,447,608	24.51%	28.91%
2	Tesoro Refining and Marketing (1) (5)	Oil Refinery/Office	22	Project 3 & 1997 Annex	117,457,019	573,241	118,030,260	7.43%	8.76%
3	Ineos Polypropylene LLC (1) (2) (5)	Manufacturing	1	Project 3 Original	110,425,212		110,425,212	6.95%	8.20%
4	Air Products and Chemical Inc. (1)	Unsecured/Manufact. Plant	2	1997 Annex	782,451	84,429,974	85,212,425	5.36%	6.32%
5	BP West Coast Products (1) (2) (5)	Various/Unsecured	3	Project 3 & 1997 Annex	36,849,105	4,414,175	41,263,280	2.60%	3.06%
6	AMB Property/Insttit Alliance (3)	Commercial/Indust.	3	Project 2 Original	27,499,994	-	27,499,994	1.73%	2.04%
7	Carson Real Estate Leasing LLC	Automobile Dealership	5	Project 2 Original	26,933,589	-	26,933,589	1.69%	2.00%
8	Hertz Equipment Rental	Unsecured/Industrial	4	Project 3 Original	3,085,546	23,423,982	26,509,528	1.67%	1.97%
9	1118 LLC (1)	Industrial	1	Project 2 Original	23,254,355	-	23,254,355	1.46%	1.73%
10	CCL Tube Inc	Unsecured/Industrial	1	Project 3 Original	-	22,968,915	22,968,915	1.45%	1.70%
TOTAL MAJOR ASSESSEES			168		732,732,558	138,812,608	\$871,545,166	54.85%	64.69%
TOTAL REPORTED PROJECT VALUE							\$1,589,046,587		

(1) Appeals are currently outstanding on prior year values for these properties. In the case of Tesoro, the appeals were filed by the prior assessee, BP West Coast Products. For Watson Land, only about \$63 million of the \$389 million assessment is under appeal. See the "Assessment Appeals" section of the Fiscal Consultant's Report and Tables 6.1 through 7.2 in the Fiscal Consultant's Report.

(2) All of the Ineos assessment and a portion of the BP assessments are included by the County on the Cross Reference Roll. Both assessments represent leasehold interests on privately held land.

(3) Includes value for AMB Mar Carson LLC, AMB Property LP and AMB Institutional Alliance Fund III LLP.

(4) While shown as different assessees, these taxpayers may have overlapping ownership interests. BP reportedly recently sold to Tesoro, and Innovene, which was established by BP in 2004, was reportedly sold to Ineos in 2005.

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

The ten largest taxpayers own properties whose combined assessed value accounts for approximately 55% of the fiscal year 2013-14 equalized roll of the Project Area. The reduction in assessed valuation of taxable property in the Project Area caused by the complete or partial destruction of such properties would likely result in a reduction in Pledged Tax Revenues which secure the Series 2014A Bonds. In such an event, the Successor Agency's ability to timely pay principal and interest on the 2014A Bonds may be adversely affected.

Watson Land Company. As shown above, the largest assessee in 2013-14 is Watson Land Company ("Watson Land"). These assessments are primarily comprised of the major industrial and office parks in Project No. 2 and Project No. 3. Both locations include multi-tenant industrial facilities leased to a number of different users. Combined, the two business parks encompass over 300 acres in the Project Area and, according to representatives of Watson

Land, total over 8 million square feet of space that is 97% leased. Watson Land continues to add space to the business parks with new square footage completed within the last 5 years and an additional 221,000 square feet planned.

In addition to the two multi-tenant industrial parks, Watson Land also has two business parks with more traditional office uses in the Project Area which combined total about 150,000 square feet and are 87 percent occupied.

Major tenants for Watson Land are reported to include Herbalife, Huffy, and Pitney Bowes. Based solely on value of their unsecured assessments, some of the major tenants in the Watson industrial parks include the following:

Assessee	Subarea Location	2013-14 Unsecured Value
CCL Tube Inc.	Project 3 Original	\$ 22,968,915
Huck International Inc.	Project 2 Original	16,628,966
Chemoil Terminals Corporation	Project 3 Original	15,851,459
Nbty Acquisition LLC	Project 2 Original	13,867,088
Cool-Pak Solutions Lp Lessee	Project 2 Original	5,157,316
Damco Distribution Services Inc.	Project 2 Original	4,800,745
Daico Industries Inc.	Project 2 Original	4,040,876
Ducommun Technologies Inc.	Project 2 Original	3,970,372
Anemostat Products	Project 2 Original	2,802,536
Porteous Fastener Company	Project 2 Original	1,710,043
Total		\$91,798,316

Tesoro / BP/ INEOS. In June 2013, Tesoro reportedly purchased certain properties in the Project Area previously owned by British Petroleum. British Petroleum continues to be a major taxpayer and the assessee of record for \$41.3 million in value in the Project Area. The two assessments (BP and Tesoro) may or may not have overlapping ownership interests. The two taxpayers have not been combined in the Fiscal Consultant's Report as the actual ownership interest in the various properties assessed to each entity is not known. Previously, BP had two major manufacturing facilities in the Project Area: an oil refinery and a polypropylene facility. Effective in 2006-07, Innovene became the assessee of record for the polypropylene facility and the majority of the refinery. Innovene was established in April 2004 to enable British Petroleum to set up its petrochemical businesses as a separate entity within the BP Group. In October 2005, British Petroleum announced that it had sold Innovene to Ineos; a United Kingdom based private chemicals company. As a result of these business transactions, Ineos Innovene Polypropylene LLC, became the third largest taxpayer in the Project Area.

BP West Coast Products, and/or the prior owner Atlantic Richfield, has appealed the assessment assigned to its property each year since at least 1998. Values assigned to refinery properties are assessed differently than other real property in California. Currently, appeals are outstanding on these properties going back to 2004-05.

Historically, the value for the refinery was fluctuating considerably from year to year due to the County's method of allocating value. See "Oil Refinery" and Table 5.1 in Section D of the Fiscal Consultant's Report. In addition, the refinery properties are reappraised annually by the County and the value on the assessment roll is the lesser of the current market value or the



Proposition 13 factored value. See "Specialized Properties" in Section D of the Fiscal Consultant's Report.

Air Products and Chemicals. A relatively new major taxpayer is Air Products and Chemicals with a 2013-14 assessed value, primarily unsecured in nature, of \$85.2 million. Of the \$85.2 million, \$84.4 million is unsecured and the remaining \$780,000 is assigned to a cross reference parcel number. Air Products is a supplier of industrial gases and other materials and is located on property owned by Tesoro Refining and Marketing. Appeals which were resolved on this property had a major impact on Project Area tax collections in 2012-13, as discussed in "Historical Tax Revenues" in Section F of the Fiscal Consultant's Report. Currently, only one appeal on the Air Products assessment is outstanding for fiscal year 2010-11. Air Product appeals dating from 2001-02 to 2008-09 were resolved in March 2012 and resulted in a \$2.5 million refund to the taxpayer.

Historic Assessed Valuation Growth

The following are the actual assessed valuations and tax increment revenues for the Project Area from Fiscal Year 2009-10 through Fiscal Year 2013-14. Also shown are all taxes collected by the County for the Project Area; amounts have not been reduced to show the amounts actually paid to the Agency. Actual distributions to the Agency are reduced by the amount of administrative costs and pass through payments administered and paid by the County and, commencing in June 2012, amounts not needed to service debt and administrative costs in the upcoming 6-month period. See Tables 5.0 and 9.0 in "APPENDIX D — FISCAL CONSULTANT'S REPORT" for detailed information on historical assessed valuation and tax increment receipts for the subareas within the Project Area.

TABLE 6
Carson Redevelopment Successor Agency
Historical Assessed Valuation and Tax Increment Receipts
Carson Merged and Amended Project Area

	2009-10	2010-11	2011-12	2012-13	2013-14
Assessed Value					
Secured	\$1,226,547,375	\$1,223,636,883	\$1,235,929,022	\$1,250,282,288	\$1,282,874,281
SBE	3,132,616	3,333,252	3,556,942	3,576,640	3,363,741
Unsecured	306,187,782	315,693,459	282,835,380	304,388,028	302,808,565
Total	1,535,867,773	1,542,663,594	1,522,321,344	1,558,246,956	1,589,046,587
% Change	-3.2%	0.4%	-1.3%	2.4%	2.0%
Original Tax Charge ⁽¹⁾	\$13,221,333	\$13,160,143	\$12,900,718	\$13,259,975	\$12,912,826
Tax Collections ⁽¹⁾					
January 2nd Payment	N/A	N/A	6,194,746	6,838,826	6,800,768
June 1 st Payment	N/A	N/A	4,071,732	6,175,503	N/A
Total Tax Collections ⁽²⁾	\$12,621,420	\$12,485,420	\$10,266,477	\$13,014,329	N/A
Percentage Tax Collections	95.5%	94.9%	79.6%	98.1%	N/A

(1) Includes all taxes collected by the County for the Project Area; amounts have not been offset for amounts not actually paid to the Agency. These amounts include administrative costs administered and paid by the County, pass through payments and amounts not needed to service debt in the upcoming period.

(2) Because of redevelopment dissolution, only about 85% of taxes generated in a fiscal year will be received within that same fiscal year. The remaining balance (+/- 15 percent) will be received the following January. For the first year effected by the dissolution, 2011-12, tax collections shown are particularly low because prior year carryover is not included in the January payment.

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

With the exception of fiscal year 2011-12, tax collections for the Project Area in each year range from nearly 94% to 106% of the original tax increment levy. Taxes collected in excess of the original tax increment levy are the result of increases in the tax levy during the year, delinquent property tax collections, and also from supplemental tax collections. In 2011-12, taxes collected equaled less than 80% of the original tax increment levy. This is primarily the result of two factors:

1) A taxpayer refund in the amount of \$2.5 million was made by the County from revenues generated by the Project Area. The refund was largely attributable to a taxpayer refund issued to Air Products and Chemicals, a major assessee in the Project Area. In fiscal year 2008-09, the County audited Air Products and added additional assessments to the property in each year going back to 2001-02. Air Products appealed those increased assessments, which appeals were resolved in March 2012 and revenues otherwise available to the Successor Agency by the County from the Project Area were reduced accordingly in January and June 2013.

2) Taxes collected for the fiscal year 2011-12 fiscal year that were received by the County after May 2012 were not available for payment to the Agency during the 2011-12 fiscal year. Rather, those taxes were available for inclusion with the Agency's January 2013 payment. As taxes for the 2011-12 fiscal year were due by April 10, 2012, the amount of revenue collected after April would represent late or supplemental tax payments made by taxpayers.

Assessment Appeals

Taxpayers may dispute, or appeal, their property tax assessments. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. (An appeal which results in a lower valuation is referred to as a successful appeal.) When an appeal is successfully resolved after the disputed taxes have already been paid, a refund with interest is subsequently issued to the taxpayer by the county.

In California, there are two types of appeals: a Proposition 8 appeal and a base year appeal. A Proposition 8 appeal is based on Section 51 of the Revenue and Taxation Code and allows for temporary reductions in the taxes paid on properties because the assessed value of a property somehow becomes higher than its actual market value. This can be the result of the damage or removal of property, or general reduction in real estate values. Once the property damage is restored, or the real estate market improves, an assessment subject to Proposition 8 reduction can be returned to its pre-appeal value. The second type of appeal is a base year assessment appeal where owners challenge the original or base year, valuation assigned by the Assessor. Any reduction resulting from a base year assessment appeal is permanent and can only increase above the allowable inflationary adjustment if the property is sold or experiences new construction.

There are also two primary methods for achieving a reduction in the valuation of property. One way is for the applicant to file an assessment appeal application; the other way is for the Assessor's office to process an "automatic" assessment reduction. Any automatic reduction would almost always be a Proposition 8 appeal, although filed appeals can be either Proposition 8 or base year appeals.

Automatic Assessment Appeals. Starting in 2008-09, Los Angeles County, like many other counties throughout California, began processing temporary assessed value reductions for certain properties (Proposition 8 reductions in response to declining residential real estate



values). These reductions were made on properties where the assessed values exceeded the current market value of properties as of the tax lien date (January 1) without prompting from individual taxpayers. (The Fiscal Consultant's Report refers to the Assessor's office processing of assessment reductions without being requested by the taxpayers as automatic reductions.) The County reviewed single family homes and condominiums which transferred ownership from January 1, 2001 through June 30, 2009 and made substantial reductions in 2009-10 and 2010-11. Lesser reduction were processed in 2008-09 and 20011-12 through 2013-14.

The 2013-14 assessed values for the Project Area reflect the reduced values for the automatic reductions performed by the Assessor over the last five years. As the market values for the reduced properties increases, the law allows the County to restore the assessment up to its prior level. As it appears that residential values have been increasing significantly in the Carson area, additional value reductions from automatic reductions have not been assumed in the enclosed estimates of future tax increment revenues. See the "Assessed Values and the Real Estate Market" and "Project Area Trends" sections in "APPENDIX D – Fiscal Consultant's Report" for additional information on real estate trends. Potential increases in value resulting from the restoration of the reduced value to their former market value are likely to occur over the next several years, but the impact of this increase has not been factored into the revenue estimates shown on Table 10 herein. It should be noted that less than 17% of the assessed value of the Project Area is attributable to residential properties.

Filed Assessment Appeals. When a taxpayer believes that the assessed value of his property is in excess of market value, he may appeal the property tax assessment through the filing of an appeal application. If the Assessor's office believes the taxpayer is correct, it can reduce the value without a formal hearing process. If however, the Assessor's office believes that the assessed value assigned to the property is not above market value, the dispute is heard before an assessment appeals board which determines the appropriate value for a property. If the taxpayer is successful in getting the value of his property reduced, any previously paid taxes on the higher value are repaid to the taxpayer with interest. Generally, future allocations of taxes to the taxing entities that received the original taxes are then proportionately reduced by the county to reflect the refund and interest paid. In Los Angeles County, assessment appeals are often outstanding for multiple years resulting in the need for large refunds to the taxpayers if and when the appeals are finally result in a reduced assessment.

Per County appeal records, appeals remain outstanding on various properties in the Project Area for the period 2004-05 through 2012-13. (Complete information on any appeals filed for the 2013-14 fiscal year is not yet available.) Impact estimates have been prepared for outstanding appeals covering the entire seven year period based on assessment appeal data that was available and updated through October 3, 2013.

Outstanding appeals are assumed to impact the Agency's tax revenues in two ways: tax refunds and assessed value reductions. First, reductions to all outstanding appeals, assuming an average reduction rate, were calculated for the purpose of computing tax refunds. If the outstanding appeals are in fact resolved in the taxpayer's favor, tax refunds may be due for all taxes previously paid at the higher level. In addition to the tax refunds, assessed values may be reduced in future fiscal years. In order to estimate the impact to assessed values, multi-year appeals by the same taxpayer are assumed to only impact assessed value once. For instance, BP has appeals outstanding for each year since 2004-05. If the appeals are resolved in the taxpayers favor, tax refunds would be due for all years, but only the most recent appeal reduction is likely to affect future assessed values.



Estimated Refunds. Estimated appeal refunds are summarized on the following table. See Tables 6.1, 6.2 and 6.2.1 in "APPENDIX D — FISCAL CONSULTANT'S REPORT" for more detailed information regarding estimated tax refunds from successful appeals.

TABLE 7
Carson Redevelopment Successor Agency
Estimated Appeal Refunds
Carson Merged and Amended Project Area

Fiscal Year	Project No. 2	Project No. 3		Total Merged
	All Taxpayers	BP (1)	Other	
2013-14	(\$63,064)	--	(\$586,121)	(649,185)
2014-15	(94,361)	(\$1,082,746)	(434,496)	(1,611,603)
2015-16	(45,028)	(1,622,370)	(203,601)	(1,870,999)
2016-17	None	None	None	None
Total	(\$202,453)	(\$2,705,116)	(\$1,224,218)	(4,131,787)

(1) BP refers to appeals filed by BP West Coast Products or their agents for the properties located within Project No. 3. For 2013-14, the majority of these appealed properties are owned by Tesoro.
Source: DHA Consulting

The majority of the tax refunds for the Project Area are estimated to come from appeals filed in Project No. 3. As summarized above, the primary reason that refunds are estimated to be so high in Project No. 3 is because of multi-year appeals filed by BP West Coast Projects ("BP"). BP is a major taxpayer for 2013-14, although the majority of BP's holdings in the Project Area were purchased by Tesoro in June 2013, a new major taxpayer in the Project Area.) BP has appeals outstanding in the Project Area from 2004-05 through 2012-13. The tax refunds associated with the BP appeals are estimated to total \$2.7 million, or 65% of the total refund estimated for the entire Project Area.

Typically, appeals are only outstanding for three or four years. Because of the specialized nature of a large portion of BP's holdings, however, it is taking a number of years for the County to resolve each set of appeals. For instance, appeals for the 2001-02 through 2003-04 were filed when due, were heard by the Assessment Appeals Board in 2007, but the appeals were not resolved and refunds processed until recently, five years after the appeals board hearing. It should be noted that the values for the parcels within the Project Area were not reduced as a result of the resolution of the appeal 2001 to 2004 appeals, so no refund is pending for that reduction. BP did however receive a large reduction in value (refund) through a resolved appeal associated with fiscal year 2000-01. The values of BP holdings in the City outside the Project Areas were, however, reduced substantially. For additional information on the appraisal of refinery properties, see "Specialized Properties" in Section D of the Fiscal Consultant's Report.

Estimates of Appeals. The Fiscal Consultant has estimated the impact of appeals in the Project Area. The table below summarizes the reductions, which are reflected in the projections shown on Table 9 herein. See Tables 7.1 and 7.2 for details regarding appeals projected to impact assessed values in Project No. 2 and Project No. 3, and see Tables 8.1 and 8.2 for summaries of historical appeals in Project No. 2 and Project No. 3; both in "APPENDIX D — FISCAL CONSULTANT'S REPORT."

TABLE 8
Carson Redevelopment Successor Agency
Appeals Estimate Summary ⁽¹⁾
Carson Merged and Amended Project Area

Appeals Outstanding	Project No. 2	Project No. 3	Total
Number of Years ⁽²⁾	7 Years	10 Years	N/A
Decline Assumed	11.6%	24.7%	20.6%
Basis for Appeal Reduction	Average Decline	Average Decline	Average Decline
Original Value	\$130,508,149	\$293,031,985	\$423,540,134
AV Reduction Assumed	(\$15,156,715)	(\$72,247,421)	(\$87,404,136)
Assessment Appeals Resolved ⁽³⁾			
Basis for Reduction	N/A	Actual Declines	Actual Declines
Original Value	None	\$6,246,667	\$6,246,667
Actual Reduction	None	(\$1,222,268)	(\$1,222,268)
Total Estimated AV Reduction	(\$15,156,715)	(\$73,469,689)	(\$88,626,404)
Total Tax Refund- 3 Years ⁽⁴⁾	(\$202,453)	(\$3,929,334)	(\$4,131,787)

1. The tax revenue projections, which are shown on Table 9 below, include assessed value changes based the appeal assumptions discussed above.

2. The average reduction is computed for all resolved appeals since 2000-01.

3. Includes appeals resolved per the Assessor's database since December 2012.

4. From Table 8A above. Includes estimated BP refund of \$2.7 million.

Source: DHA Consulting, LLC

As shown above, Project No 3 is estimated to experience a substantial impact from appeals with an estimated assessed value reduction of \$73.5 million, which represents 4.3% of 2013-14 value for the Project Area. The assessed value reductions are assumed to occur over a three year period, from 2013-14 through 2015-16. The amount of the reduction has been estimated based on the assumption that outstanding appeals are resolved in such a manner as to result in an average reduction of 11.6% in Project No. 2 and 24.7% in Project No. 3. These numbers are based on the average reduction in resolved appeals since 2000-01 for both areas. The average reduction in Project No. 3 was higher than in Project No. 2 as a result of the types of appeals that were outstanding and were resolved. The nature of the currently outstanding appeals is similar to the historical appeals so no adjustment to the average decline was deemed necessary.

Appeals by Major Taxpayers. Major taxpayers with appeals outstanding include the following taxpayers.



TABLE 9
Carson Redevelopment Successor Agency
Appeals Information for Select Major Taxpayers
Carson Merged and Amended Project Area

Applicant	Fiscal Years	No. of Assessments	Disputed Value ⁽¹⁾
Major Taxpayers with Appeals			
<u>Project No. 2</u>			
Watson Land Company	2012-13	3	\$43,175,031
1118 LLC	2012-13	1	22,798,388
International Paper Company	2010-11	1	21,710,307
Total Major Taxpayers Project No. 2			\$87,683,726
<u>Project No. 3</u>			
BP West Coast Products LLC	2003-04 to 2012-13	17	124,924,644
ineos Polypropylene	2011-12	1	99,236,936
Air Products and Chemicals	2010-11	1	89,781,410
Watson Land	2012-13	1	20,001,443
Chemoil Terminals Corporation	2012-13	1	16,445,831
Hertz / Unsecured	2012-13	2	13,416,788
Total Major Taxpayers Project No. 3			\$363,807,052

1. The tax revenue projections, which are shown on Table 9 below, include assessed value changes based on the appeal assumptions discussed above.
Source: DHA Consulting, LLC

Tax Sharing Agreements

Pursuant to former Section 33401(b) of the Redevelopment Law, a redevelopment agency was permitted to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through" agreements or "tax sharing" agreements.

County Agreement. The Former Agency entered into a tax sharing agreement with the County of Los Angeles and the Consolidated Fire Protection District (referred to herein as the "**County Agreement**"), which involved a pledge of tax increment revenues generated by the 1983 Amendment Area by the Former Agency to secure payments by the Former Agency to the County and the Fire District. Under the County Agreement, the Fire District receives 18.4% of the 1.0% tax increment revenue from the 1983 Amendment Area.

In addition to the payment to the Fire District, other County taxing entities receive 58% percent of the tax increment generated by the 1983 Amendment Area. The County payment is deferred up to the amount required for the Former Agency, and now the Successor Agency, to receive \$200,000 annually after paying the Fire District. It has been the County's practice to retain the 58% due to it until after the end of the fiscal year. Amounts in excess of \$200,000 and/or tax increment in excess of an \$8,000,000 cumulative limit are to be used exclusively for County deferral payments.



For the Fiscal Consultant's analysis of the County's current practice following dissolution of the Former Agency, as well as analysis of the impact that the County Agreement could have on future Pledged Tax Revenues, see the Fiscal Consultant's Report (attached hereto as Appendix D) and, particularly, Section H- "Agency Obligations-Negotiated Tax Sharing Payments".

Tax Sharing Statutes

Prior to the adoption of AB 1290, the Redevelopment Law permitted taxing entities affected by the adoption of a redevelopment plan to enter into pass-through agreements whereby a portion of the tax increment revenues otherwise payable to that redevelopment agency under Section 33670 of the Redevelopment Law would be "passed through" to the taxing agency that would have received the tax increment revenues but for the redevelopment agency's right to receive them. AB 1290 repealed the provisions of the Redevelopment Law which permitted negotiated pass-through agreements, and replaced it with a system of statutorily mandated pass-throughs or tax sharing payments.

Section 33607.5 was added to the Health and Safety Code by AB 1290 and requires that taxing entities affected by the adoption of a redevelopment plan or the amendment of an existing redevelopment plan after January 1, 1994 (and thus is applicable to the 1997 Amendment Area) receive an additional portion of tax increment revenues otherwise payable to the agency for a project area (the "Tax Sharing Amounts"). It requires, with certain exceptions, that commencing with the first fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities an amount equal to 25 percent of the tax increment revenues received by the agency after the amount required to be deposited in the low and moderate income housing fund has been deducted (see "SECURITY FOR THE BONDS —Allocation of Taxes" above).

Commencing with the 11th fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities (other than the City), in addition to the amounts paid pursuant to the preceding sentence and after deducting the amount allocated to the low and moderate income housing fund, an amount equal to 21 percent of the portion of tax increment revenues received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues. Additional amounts are payable commencing with the 31st year.

SB 211 provides a procedure by which any redevelopment plan adopted prior to January 1, 1994 may eliminate the time limit to incur indebtedness of its plan. The statute allows the legislative body the ability to adopt required ordinances without having to follow normal, lengthy procedures to amend its redevelopment plan or amendment. The City has adopted an ordinance pursuant to SB 211 to eliminate the time limit to incur indebtedness for Original Project Area 2, Original Project Area 3 and the 1983 Amendment Area. The Successor Agency is required to pass through up to 20% of tax increment revenues above the 2004-05 levels to taxing agencies beginning in the fiscal year 2005-06. The specific Tax Sharing Amounts will depend on the actual growth in tax revenues.



Section 34177.5(c) of the Law permits Tax Sharing Amounts to be subordinated to the payment of debt service on obligations issued by a successor agency. The Successor Agency is not seeking such subordination with respect to Series 2014A Bonds. As noted in the Fiscal Consultant's Report attached hereto as Appendix D, the payments due to taxing agencies under the Tax Sharing Statutes have been deducted from the future tax increment revenue projections.

Outstanding Indebtedness of the Project Area

After the issuance of the Series 2014A Bonds, the Project Area will have total outstanding indebtedness of \$_____, including \$16,385,000 aggregate principal amount of the Series 2007A Bonds. Debt service on the Series 2007A Bonds is payable from Pledged Tax Revenues on a basis subordinate to the payment of debt service on the Series 2014A Bonds.

Annually, the Successor Agency receives an administrative allowance payable by the County Auditor-Controller from property tax revenues in the Redevelopment Property Tax Trust Fund. The payment of the administrative allowance is subordinate to the payment of debt service from property tax revenues in the Redevelopment Property Tax Trust Fund. In addition, the Project Area is subject to a Pro Rata Share of 2010 Housing Debt Service. See also "THE REDEVELOPMENT PROJECT AREA — Tax Sharing Agreements" for a discussion of other obligations of the Successor Agency and Table 13.0 for a description of the applicable Pro Rata Share of 2010 Housing Debt Service.

Owner Participation Agreement: The Boulevards at South Bay Project

In 2006 the Former Agency entered into an Owner Participation Agreement that was amended in 2008 and 2009 (the "**Agreement**") with Carson Marketplace (the "**Owner Participant**") for the environmental remediation and development of a 157-acre site (the "**Site**") in Project Area No. 1 known as the "Boulevards at South Bay" (the "Project"). Proceeds of obligations issued or incurred by the Former Agency, as well as proceeds of obligations to be issued by the Successor Agency, such obligations being secured by tax increment allocated to Project No. 1, together with cash of the Former Agency, have been and will be used to pay the costs of the environmental remediation of the Site.

Under a Specific Plan for the Project, development standards and guidelines allow for a potential mix of approximately 2 million square feet of commercial, restaurant and entertainment venues, big box retail stores, a 300-room hotel, and up to 1,150 residential units. In connection with this development is a 22 million dollar project to modify the Avalon/I-405 interchange that was financed with federal, State, City and Former Agency funds. The Avalon/I-405 interchange project is complete resulting in the reconfiguration of on and off ramps to ease traffic and accessibility the Project.

In addition to the above described financing for the Project, upon request by the Owner Participant, the Successor Agency must, under the Agreement, use its reasonable and diligent efforts to issue CFD Bonds to finance the costs of public improvements for certain on and off Site improvements. In this regard, the City, on behalf of the Successor Agency, pursuant to Resolution 12-092, adopted September 18, 2012, formed a Community Facilities District for the Site in anticipation of the issuance of the CFD Bonds. The net proceeds of the CFD Bonds will be up to the amount of \$20,000,000 and will be used to reimburse the Owner Participant for costs of the certain on and of site public improvements with respect to the Site up to the



maximum amount of \$20,000,000. The CFD Bonds are expected to mature not later than 2034, will provide for capitalized interest of two (2) years and will have substantially level debt service.

The Successor Agency will reimburse the Participant in full for all CFD debt service payments once cumulative sales taxes with respect to the Site for the previous twelve consecutive months first exceeds the amount of \$4,000,000 (the "**Sales Tax Threshold**"). The Site is not yet generating sales taxes. Once the Sales Tax Threshold is first achieved, such reimbursement will be made from Merged and Amended Project funds, and will continue as a reimbursement in full notwithstanding any future fluctuation or decline in Site sales taxes, including, without limitation, any future decline below the Sales Tax Threshold. Prior to satisfaction of the Sales Tax Threshold, the Successor Agency shall, under the Agreement, reimburse the Owner Participant for debt service on the CFD Bonds in an amount equal to the lesser of (i) such debt service on the CFD Bonds, and (ii) an amount equal to 50% of the sales taxes received by the City with respect to the Site for the most recent twelve month period. This obligation to reimburse CFD debt service is subordinate to the obligation to pay debt service on the Series 2014A Bonds.

Projected Taxable Valuation and Pledged Tax Revenues; Debt Service Coverage

Pledged Tax Revenues are referred to in the Fiscal Consultant's Report as "Net Tax Increment". Table 9 below shows the analysis of projected Net Tax Increment revenues over the life of the Series 2014A Bonds-all Subareas, as estimated by the Fiscal Consultant. Tables in the Fiscal Consultant's Report analyze the net tax increment revenues available to pay debt service with respect to applicable Subareas of the Project Area, as estimated by the Fiscal Consultant. See "APPENDIX D — FISCAL CONSULTANT'S REPORT" for more information regarding these projections.

Receipt of projected Net Tax Increment revenues in the amounts and at the time projected by the Fiscal Consultant depends on the realization of certain assumptions relating to the Net Tax Increment revenues. See "APPENDIX D — FISCAL CONSULTANT'S REPORT" for a discussion of the assumptions used in preparing the tax revenue projections. Based upon the projected Net Tax Increment revenues, the Successor Agency expects sufficient funds should be available to the Successor Agency to pay principal of and interest on the Series 2014A Bonds. Although the Successor Agency believes that the assumptions utilized by the Fiscal Consultant are reasonable, the Successor Agency provides no assurance that the projected Net Tax Increment revenues will be realized. To the extent that the assumptions are not actually realized, the Successor Agency's ability to timely pay principal and interest on the Series 2014A Bonds may be adversely affected. Key assumptions include:

- Tax rates have been estimated based on a 1.0% tax rate;
- For determining projected gross tax increment revenues from Project No. 2, property assessed values (other than personal property) are assumed to grow at 0.2% for 2014-15, 1.0% for 2015-16 and 2.0% for 2016-17 and thereafter.
- For determining projected gross tax increment revenues from Project No. 3, property assessed values (other than personal property) are assumed to remain level, without an inflationary factor due to the impacts of the oil refinery and polypropylene assessments which, from time to time, tended to negate the inflation factor.



- The 20% of the gross revenue required to be allocated to the low and moderate income housing fund of the Former Agency is no longer applicable and such amount has not been deducted from project tax increment revenues, however, the Pro Rata Share of 2010 Housing Bonds has been taken into account;
- Deductions to the gross tax increment have been made for certain Tax Sharing Agreements with respect to the 1983 Amendment Area as described in the Fiscal Consultant's Report;
- The supplemental roll revenue has not been added to the projected gross tax increment revenue;
- There have not been any deductions to the gross tax increment revenue to recognize the impact of future tax delinquencies;
- Valuation reductions of \$1.2 million to Fiscal Year 2013-14, \$49.9 million in 2014-15 and \$34.4 million in 2015-16 are assumed from the net result of resolved appeals;
- Estimates of tax refunds resulting from existing appeals are estimated to occur over Fiscal Years 2013-14, 2014-15 and 2015-16 as described in the Fiscal Consultant's Report; and
- Total anticipated valuation increases have been added to the assessment roll due to some new construction activity as described in the Fiscal Consultant's Report.



TABLE 10
Carson Redevelopment Successor Agency
Projected Tax Increment Revenues (All Subareas)
Carson Merged and Amended Project Area

Fiscal Year	Real Property (1)	Other Property (1)	Tax Value Changes (2)	Total Value	Less Base of \$240,299,501	Tax Refunds (3)	Gross Tax Revenue	County Admin Charge	Pro Rata Housing Debt Svc (4)	Tax Sharing Payments (5)	Net Tax Increment	Cumulative Gross Revenue (6)
2013-14	1,430,237,636	158,808,951	(1,222,268)	1,587,824,319	1,347,524,818	(649,185)	12,912,826	225,974	1,373,101	1,248,165	10,065,586	266,312,070
2014-15	1,429,342,404	158,808,951	(49,904,804)	1,538,246,551	1,297,947,050	(1,611,603)	11,454,630	200,456	1,374,350	993,607	8,886,217	277,766,701
2015-16	1,386,644,299	158,808,951	(34,423,711)	1,511,029,540	1,270,730,039	(1,870,999)	10,923,065	191,154	1,374,367	983,540	8,374,004	288,689,765
2016-17	1,366,490,718	158,808,951	-	1,525,299,669	1,285,000,168	-	12,936,765	226,393	1,373,153	1,285,277	10,051,941	301,626,530
2017-18	1,381,046,250	158,808,951	-	1,539,855,201	1,299,555,700	-	13,082,320	228,941	1,372,586	1,349,022	10,131,771	314,708,850
2018-19	1,395,892,893	158,808,951	-	1,554,701,844	1,314,402,343	-	13,230,786	231,539	1,374,256	1,414,041	10,210,950	327,939,636
2019-20	1,411,036,469	158,808,951	-	1,569,845,420	1,329,545,919	-	13,382,222	234,189	1,373,731	1,480,362	10,293,941	341,321,859
2020-21	1,426,482,916	158,808,951	-	1,585,291,867	1,344,992,366	-	13,536,687	236,892	1,373,111	1,548,008	10,378,675	354,858,545
2021-22	1,442,238,292	158,808,951	-	1,601,047,243	1,360,747,742	-	13,694,240	239,649	1,373,306	1,617,007	10,464,278	368,552,786
2022-23	1,458,308,775	158,808,951	-	1,617,117,726	1,376,818,225	-	13,854,945	242,462	1,372,571	1,687,387	10,552,527	382,407,731
2023-24	1,474,700,669	158,808,951	-	1,633,509,620	1,393,210,119	-	14,018,864	245,330	1,373,936	1,759,174	10,640,425	396,426,595

- (1) See Tables 11.1 and 11.2 in the Fiscal Consultant's Report for details on inflation rates used for Projects No. 2 and No. 3.
- (2) Includes changes from appeals, new construction projects and property transfers. See Tables 7.1, 7.2 and 12.0 in the Fiscal Consultant's Report for additional information.
- (3) Includes estimated property tax refunds due taxpayers as a result of assessment appeals. See Tables 6.1 and 6.2 in the Fiscal Consultant's Report for additional information.
- (4) It has been determined that successor agencies are no longer required under the Dissolution Act, to set aside 20% of revenues for housing. The deduction shown above represents the "Pro Rata Share of Housing Debt Service" (on the 2010 Housing Bonds), as such term is defined in the proposed Indenture. For the projection shown above, the Pro Rata Share of Housing Debt is calculated for 2013-14, and then held constant.
- (5) With the exception of an agreement with the County in Project No. 2 1983 Amendment, the pass through payment obligations for the Project Areas include only AB 1290 statutory pass through requirements. See Fiscal Consultant's report for a description of these obligations.
- (6) Each subarea has a different limitation on the amount of tax increment revenue that can be received. See enclosed Tax Revenue Projections for individual subareas.

Source: DHA Consulting, LLC



TABLE 11
Carson Redevelopment Successor Agency
Projected Tax Increment Revenues and Debt Service Coverage*
Carson Merged and Amended Project Area

Fiscal Year	Net Tax Increment	Series 2014A Bonds Debt Service*	Coverage*
2013-14	\$10,065,586	\$2,014,730	5.00x
2014-15	8,886,217	2,201,300	4.04
2015-16	8,374,004	2,195,100	3.81
2016-17	10,051,941	2,196,900	4.58
2017-18	10,131,771	2,191,300	4.62
2018-19	10,210,950	2,193,500	4.66
2019-20	10,293,941	2,196,750	4.69
2020-21	10,378,675	2,190,750	4.74
2021-22	10,464,278	2,190,750	4.78
2022-23	10,552,527	2,191,250	4.82

* Preliminary; subject to change.



BONDOWNERS' RISKS

Investment in the Series 2014A Bonds involves elements of risk. The following section describes certain specific BONDOWNER' RISKS affecting the payment and security of the Series 2014A Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2014A Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Series 2014A Bonds. There can be no assurance that other BONDOWNER' RISKS not discussed under this caption will not become material in the future.

Recognized Obligation Payment Schedules

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires the Successor Agency to prepare 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 withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS". If the Successor Agency were to fail to complete an approved a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency to pay debt service on the Series 2014A Bonds could be adversely affected for such period.

If a successor agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to the Dissolution Act, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

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

- (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "THE REDEVELOPMENT



PROJECT AREA-Tax Sharing Agreements-Tax Sharing Statutes") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011;

(ii) second, on each January 2 and June 1, to a successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments 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 a 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 its 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).

If the Successor Agency does not submit an Oversight-Board approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted in the Indenture 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 Fund, in Recognized Obligation Payment Schedules for each six-month period 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 2014A Bonds coming due in the respective six-month period, 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 APPENDIX A "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants of the Agency").

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. 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 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Series 2014A Bonds.

Certain Uncertainties Regarding the Dissolution Act

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in



situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents, governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states: "it is the intent that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation, of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Pledged Tax Revenues securing the Series 2014A Bonds and the pledge of Project Area tax increment revenue securing the Subordinate Series 2007A Bonds, Pledged Tax Revenues will be used to pay debt service on the Series 2014A Bonds and then the Subordinate Series 2007A Bonds prior to being used for any other purpose, including payment of any other indebtedness of the Former Agency now being paid by the Successor Agency.

To the extent that tax increment revenue generated from Project Area No. 1 and/or Project Area No. 4 is available after payment of all obligations required to be paid from such amounts, the excess tax increment revenue might, under the Dissolution Act, be available to pay debt service on the Series 2014A Bonds. The commingling of tax increment revenue from another project area may, however, adversely affect the interests of other taxing entities. Additionally, as the Dissolution Act eliminated the requirement that 20% of tax increment revenue be deposited in the Low and Moderate Income Housing Fund of a redevelopment agency, these amounts, to the extent not pledged to the payment of enforceable obligations, might also be available to pay debt service on the Series 2014A Bonds. The Successor Agency is not able to provide any assurances that tax increment revenue from Project Area No. 1 or Project Area No. 4 or that previously was deposited in the Former Agency's Low and Moderate Income Housing Fund will be available to pay debt service on the Series 2014A Bonds.

Bonds Are Limited Obligations and Not General Obligations

The Series 2014A Bonds and the interest thereon are limited obligations of the Successor Agency and do not constitute a general obligation of the Successor Agency. See "SECURITY FOR THE BONDS" herein. No Owner of the Series 2014A Bonds may compel exercise of the taxing power of the State of California or any of its political subdivisions or agencies to pay the principal of, premium, if any, or interest due on the Series 2014A Bonds.

The Series 2014A Bonds do not evidence a debt of the Successor Agency or the City within the meaning of any constitutional or statutory debt limitation provision.

Reduction in Taxable Value; Plan Limitations

Pledged Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in property's assessed value, blanket reductions in assessed value due to general reductions in property values or the complete or partial destruction of such property



caused by, among other eventualities, an earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues securing the Series 2014A Bonds. These risks and risks of delinquent payments may generally be exacerbated by the relatively high concentration of ownership in the Project Area. See "THE REDEVELOPMENT PROJECT AREA - Major Taxpayers." 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 Series 2014A Bonds.

In addition, limitations on the Successor Agency's receipt and use of tax increment revenues may also affect the availability of the Pledged Tax Revenues. See "THE REDEVELOPMENT PROJECT AREA - Plan Limitations."

Reduction in Inflationary Rate and Changes in Legislation; Further Initiatives

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Article XIII A of the California Constitution, which significantly affected the rate of property taxation, was adopted pursuant to California's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions.

Future legislative reallocation of the 1% basic levy among the affected taxing entities could increase the taxes retained by certain taxing entities with a corresponding reduction in Pledged Tax Revenues. See "LIMITATIONS ON TAX REVENUES - Property Tax Limitations - Article IIIA."

Unsecured Property

Currently, approximately 19% of the net assessed property value in the Project Area for Fiscal Year 2013-14 is derived from unsecured property. Unsecured property in the Project Area is comprised largely of fixture and equipment value for commercial/industrial uses. Such property is a transitory component of total assessed value and may be removed from the Project Area at any point in time, and accordingly, must be viewed as a volatile component of assessed value in the Project Area. See APPENDIX D - "FISCAL CONSULTANT'S REPORT." While the Successor Agency has no way of predicting when or if such unsecured fixtures and equipment might be removed from the Project Area, the Successor Agency believes the projection of such unsecured fixtures and equipment value for future fiscal years set forth in the Fiscal Consultant's Report is reasonable. The removal of such unsecured fixtures and equipment from the Project Area, however, could have a significant adverse impact on Pledged Tax Revenues.

Concentration of Ownership

The top ten largest property taxpayers in the Project Area account for approximately 55% of the total secured and unsecured assessed value of the Project Area for Fiscal Year



2013-14. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Pledged Tax Revenues could result. See "THE REDEVELOPMENT PROJECT AREA — Major Taxpayers" herein.

Levy and Collection

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Series 2014A Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Series 2014A Bonds. The County currently allocates tax increment revenues to the Successor Agency based upon the tax increment actually collected.

The tax increment revenue projections provided in Table 10 and subsidiary Tables present the amount of gross tax increment expected to be allocated from the Project Area over the term of the projections. Tax increment revenue figures represented in these Tables do not include supplemental tax revenues and have not been reduced for County Administration fee, delinquencies or successful assessment appeals activity.

Pro Rata Share of Housing Debt Service

As described above, the Project Area is responsible for the payment of a portion of the debt service on certain Housing Bonds (as defined in the Indenture) from amounts that would otherwise be Pledged Tax Revenues. See "SECURITY FOR THE BONDS" and the definitions of "Pledged Tax Revenues" and "Pro Rata Share of Housing Debt Service." Because the Project Area's share of such debt service is calculated based on the ratio of the amounts collected by the County for the Project Area to the total amounts collected by the County for the Project Area and for Project Area No. 1 and Project Area No. 4, and because the ratio of such amounts may vary over time, the amount of the payment of the Project Area's portion of debt service on such Housing Bonds may also increase or decrease over time. For example, a significant decrease in gross tax revenues generated in Project Area No. 1 could increase the Project Area's share of Housing Bonds debt service. Nevertheless, the Successor Agency believes that the potential amount of any such increase with respect to the Project Area will not impair its ability to pay debt service on the Series 2014A Bonds. For further analysis, see "APPENDIX D-FISCAL CONSULTANT'S REPORT-TABLE 13.0-Pro Rata Share of 2010 Housing Debt Service".

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2014A Bonds, the Successor Agency has covenanted in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. The interest on the Series 2014A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2014A Bonds as a result of acts or omissions of the Successor Agency in violation of covenants in the Indenture or the Indenture. Should such



an event of taxability occur, the Series 2014A Bonds are not subject to acceleration, redemption or any increase in interest rates and will remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture. See "CONCLUDING INFORMATION -Tax Matters" herein.

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 2014A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series 2014A Bonds might be affected as a result of such an audit (or by an audit of similar bonds). In this regard, the Internal Revenue Service did examine the \$12,165,000 principal amount of Revenue Bonds (Remediation Project) Series, 2009, issued by the Carson Public Financing Authority and by its letter dated June 7, 2013, advised the Carson City Manager that it had made a determination to close the examination with no-change in the position that interest received on such Bonds is excludable from gross income under Section 103 of the Internal Revenue Code.

Seismic Risk and Flood Risk

The City, like all California communities, may be subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the Project Area. As a result, the value of taxable land in the Project Area could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Pledged Tax Revenues (see "Property Tax Appeals" below). The City is located in a high impact seismic zone. The nearest active fault is the Newport-Inglewood-Rose Canyon zone, located off shore, but at least three of its tributaries are believed to run through the City. The City has adopted the Uniform Building Code and Uniform Building Code Standards adopted by the State of California. All new construction is required to comply with the highest earthquake resistance design standard presently in use in California.

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

Property Tax Appeals

There have been 187 assessment appeals filed by landowners within the Project No.2 for the period commencing with the 2000-01 fiscal year and continuing to the 2012-13 fiscal year (inclusive). Of the 187 appeals filed, 154 have been resolved with a reduction in value. There are 34 appeals from this period currently pending. There have been 395 assessment appeals filed by landowners within the Project No.3 for the period commencing with the 2000-01 fiscal year and continuing to the 2012-13 fiscal year (inclusive). Of the 395 appeals filed, 235 have been resolved with a reduction in value. There are 161 appeals from this period currently pending. See "THE REDEVELOPMENT PROJECT AREA — Assessment Appeals, Table 8" and "APPENDIX D - FISCAL CONSULTANT'S REPORT-Tables 8.1 and 8.2". Reductions in assessed value and estimated tax refunds have been taken into consideration in projecting future gross tax increment revenue.



Any reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Series 2014A Bonds when due.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within 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 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 by the costs of remedying the condition, causing a reduction of the Pledged Tax Revenues available to pay debt service on the Series 2014A Bonds.

Enforceability of Remedies

The remedies available to the Trustee and the registered owners of the Series 2014A Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014A Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Series 2014A Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Investment of Funds

The Reserve Account and all other funds held under the Indenture are required to be invested in Authorized Investments as provided under the Indenture. See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." All investments, including Authorized Investments, authorized by law from time to time for investments by successor agencies contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture, or the funds and accounts held by the Successor Agency could have a material adverse effect on the security for the Series 2014A Bonds and/or the financial condition of the Successor Agency.

Assumptions and Projections

Any reduction in Pledged Tax Revenues, whether for any of the foregoing reasons or any other reason, could have an adverse effect on the Successor Agency's ability to make timely payments of principal of, premium, if any, and interest on the Series 2014A Bonds, which are secured by such Pledged Tax Revenues. To estimate the total Pledged Tax Revenues available to pay debt service on the Series 2014A Bonds, the Fiscal Consultant has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates, the percentage of taxes collected. See "APPENDIX D — FISCAL CONSULTANT'S REPORT"



for a full discussion of the assumptions underlying the projections set forth herein with respect to Pledged Tax Revenues. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuations, the tax rates, the percentage of taxes collected are less than the Successor Agency's assumptions, the total Pledged Tax Revenues available will, in all likelihood, be less than those projected herein. See "THE REDEVELOPMENT PROJECT AREA — Projected Taxable Valuation and Pledged Tax Revenues; Debt Service Coverage" herein.

Secondary Market

There can be no assurance that there will be a secondary market for the Series 2014A Bonds, or if a secondary market exists, that such Series 2014A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.



PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property that is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax that becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

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

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

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

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

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments



for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase.

Property Tax 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 in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions that 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 monies are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2013-14, the County's administrative charge to the Successor Agency together with the charges relating to the dissolution of the Former Agency, is estimated to be \$225,943.

Tax Sharing Amounts. The payment of Tax Sharing Amounts results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "THE REDEVELOPMENT PROJECT AREA – Tax Sharing Statutes" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Area.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, 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 Recognized Obligation Payment Schedule approved by the State Department of Finance obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules or ROPS" and "BONDOWNER' RISKS – Recognized Obligation Payment Schedules."

Tax Collection Fees

Pursuant to legislation enacted by the State Legislature (SB 2557 and AB 1924), the County of Los Angeles collects certain administrative fees for the collection and allocation of tax increment revenue to the Successor Agency. Tax increment projections presented in Table 10



are net of anticipated administrative fee charges by the County. See "APPENDIX D - FISCAL CONSULTANT'S REPORT."

Unitary Taxation of Utility Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1. AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted \$86,763 in unitary revenue to the Successor Agency for the Project Area during the 2012-13 fiscal year. The Fiscal Consultant has assumed that the utility tax revenue will remain constant in future years.

In recent years, the California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated. The Successor Agency is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation or legislation may affect the State's method of assessing utility property and the allocation of assessed value to local taxing agencies and, in turn, the receipt of such taxes by the Successor Agency. The City is served by Southern California Edison for electricity, Southern California Gas for gas, Cal Water and Southern California Water for water and SBC for telephone services.

Former Housing Set-Aside

Sections 33334.2, 33334.2 and 33334.6 of the Redevelopment Law required redevelopment agencies to set-aside twenty percent of all tax increment derived from



redevelopment project areas in a low and moderate income housing fund (such amounts are referred to as the "Housing Set-Aside"). The Dissolution Act eliminated the Housing Set-Aside requirement. Accordingly, Pledged Tax Revenues are not subject to such set aside requirement and, except for the Pro Rata Share of Housing Debt Service, amounts formerly required to be set aside for such purpose are included in Pledged Tax Revenues pledged to the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS-Pledged Tax Revenues-Pledge of Former Housing Set-Aside".

Appropriations Limitations: Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

The California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of tax increment revenues to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Redevelopment Successor Agency of the City of Santa Ana* and *Bell Redevelopment Successor Agency v. Woosley*. The plaintiff in *Brown* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Successor Agency does not believe it is subject to Article XIII B and has not adopted an appropriations limit.

Plan Limitations

The Redevelopment Law requires redevelopment plans to contain certain limitations, including limitations on the number of tax dollars which may be divided and allocated to a redevelopment agency, on the time to establish loans, advances and indebtedness, on the amount of bonded indebtedness that can be outstanding at one time, on the life of the redevelopment plan or amendment and on the time to repay indebtedness. See "THE REDEVELOPMENT PROJECT AREA — Plan Limitations" herein.

The Successor Agency is of the opinion that, to the extent that these limitations may apply to the Successor Agency following adoption of the Dissolution Act, these limitations for nor impair its ability in the future to pay debt service on the Series 2014A Bonds.



CONCLUDING INFORMATION

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel and Tax Counsel to the Successor Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "**Code**") and is exempt from State of California personal income taxes. Orrick, Herrington & Sutcliffe LLP is of the further opinion that interest on the Series 2014A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Orrick, Herrington & Sutcliffe LLP observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Orrick, Herrington & Sutcliffe LLP is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2014A Bonds is less than the amount to be paid at maturity of such Series 2014A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2014A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014A Bonds is the first price at which a substantial amount of such maturity of the Series 2014A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014A Bonds accrues daily over the term to maturity of such Series 2014A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014A Bonds. Beneficial Owners of the Series 2014A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014A Bonds is sold to the public.

Series 2014A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Series 2014A Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Series 2014A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Series 2014A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2014A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.



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 2014A Bonds. The Successor Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014A Bonds. The opinion of Orrick, Herrington & Sutcliffe LLP assumes the accuracy of these representations and compliance with these covenants. Orrick, Herrington & Sutcliffe LLP has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to the attention of Orrick, Herrington & Sutcliffe LLP after the date of issuance of the Series 2014A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014A Bonds. Accordingly, the opinion of Orrick, Herrington & Sutcliffe LLP is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Orrick, Herrington & Sutcliffe LLP is of the opinion that interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Orrick, Herrington & Sutcliffe LLP expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014A Bonds. Prospective purchasers of the Series 2014A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Orrick, Herrington & Sutcliffe LLP is expected to express no opinion.

The opinion of Orrick, Herrington & Sutcliffe LLP is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents the judgment of Orrick, Herrington & Sutcliffe LLP as to the proper treatment of the Series 2014A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS ") or the courts. Furthermore, Orrick, Herrington & Sutcliffe LLP cannot give and has not given any opinion or assurance about the future activities of the Successor Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Code.



The engagement of Orrick, Herrington & Sutcliffe LLP with respect to the Series 2014A Bonds ends with the issuance of the Series 2014A Bonds, and, unless separately engaged, Orrick, Herrington & Sutcliffe LLP is not obligated to defend the Successor Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2014A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Successor Agency and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Successor Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014A Bonds, and may cause the Successor Agency or the Beneficial Owners to incur significant expense.

Financial Advisor

C.M. de Crinis & Co., Inc. has acted as financial advisor to the Successor Agency concerning the Series 2014A Bonds. As financial advisor, C.M. de Crinis & Co., Inc. will receive compensation contingent upon the sale and delivery of the Series 2014A Bonds.

Fiscal Consultant

The Successor Agency has retained the firm of DHA Consulting to act as fiscal consultant (the "Fiscal Consultant") for the Successor Agency on the Project Area. The full text of the Fiscal Consultant's Report is attached hereto as "APPENDIX D."

Verification of Mathematical Computations

The Successor Agency retained Barthe and Wahman PA as the Verification Agent, a firm of certified public accountants, who will deliver a report stating that such firm has verified the accuracy of mathematical computations of the Underwriters concerning the adequacy amounts [of the maturing principal amounts of and interest earned on the governmental obligations] initially deposited in the Escrow Fund to make all payments of principal of, and interest on the Refunded Bonds to which that Escrow Fund is pledged. See "PLAN OF REFINANCING" herein.

Rating

Standard & Poor's ("S&P") has assigned a rating of "___," to the Series 2014A Bonds based on its assessment of the Successor Agency's ability to make payments with respect to the Series 2014A Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such 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 Series 2014A Bonds.



Underwriting

The Successor Agency will sell the Series 2014A Bonds to Stifel, Nicolaus & Company, Incorporated, and Cabrera Capital Markets, LLC (the "Underwriters"). The Series 2014A Bonds will be sold to the Underwriters pursuant to that certain Bond Purchase Agreement, dated as of _____, 2014, by and between the Successor Agency and the Underwriters. The Underwriters expect to purchase the Series 2014A Bonds at a purchase price of \$ _____, which includes an Underwriters' discount of \$ _____ and a net original issue discount of \$ _____. The Underwriters intend to offer the Series 2014A Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2014A Bonds to the public. The Underwriters may offer and sell the Series 2014A Bonds to certain dealers (including dealers depositing Series 2014A Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may re-allow any such discounts on sales to other dealers.

No Litigation

There is no litigation pending or, to the Successor Agency's knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the Series 2014A Bonds, to contest the validity of the Series 2014A Bonds, the Indenture or any proceedings of the Successor Agency with respect thereto. In the opinion of the Successor Agency and its counsel, there are no lawsuits or claims pending against the Successor Agency which will materially affect the Successor Agency's finances as to impair the ability to pay principal of an interest on the Series 2014A Bonds when due.

Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel and Tax Counsel to the Successor Agency. A complete copy of the proposed form of opinion of Orrick, Herrington & Sutcliffe LLP is contained in "APPENDIX E" hereto.

Miscellaneous

All of the preceding summaries of the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

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



The execution and delivery of this Official Statement by the Carson City Manager has been duly authorized the Successor Agency.

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

/s/ _____
City Manager of the City of Carson, on
behalf of the Successor Agency



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APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE



APPENDIX B
SUCCESSOR AGENCY FIDUCIARY FUND



APPENDIX C

GENERAL INFORMATION RELATING TO THE CITY OF CARSON

The following information concerning the City and the County of Los Angeles is included only for the purpose of supplying general information regarding the area of the City. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. Carson was part of a Spanish Land Grant known as Rancho San Pedro deeded to Juan Jose Dominguez over 200 years ago. The City was incorporated as a general law city on February 20, 1968.

Located in the South Bay section of the County, the City has grown from a population of 61,000 in 1968 to 92,196 in 2013. Over the years, three annexations have increased the City's size to 19.2 square miles.

The City is well known as an industrial center with access to transportation and the Pacific Rim. The City has more than 120 acres of park land divided into 12 parks, 2 mini-parks and sports/recreational facilities that include 3 swimming pools, a boxing center, a state-of-the-art sports complex and the Carson Community Center. The City's educational needs are served by Los Angeles Unified School District, and the community has access to 47 church organizations.

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties. Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.



Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF CARSON AND LOS ANGELES COUNTY
Population Estimates
Calendar Years 2009 through 2013

<u>Calendar</u> <u>Year</u>	<u>City of</u> <u>Carson</u>	<u>Los Angeles</u> <u>County</u>	<u>State of</u> <u>California</u>
2009	92,198	9,801,096	36,966,713
2010	91,799	9,822,121	37,223,900
2011	91,455	9,847,712	37,427,946
2012	91,874	9,889,520	37,668,804
2013	92,196	9,958,091	37,966,471

Source: State Department of Finance estimates (as of May 1, 2013)



Employment and Industry

The seasonally adjusted unemployment rate in Los Angeles County decreased over the month to 9.2% in December 2013 from a revised 9.5% in November 2013 and was below the rate of 10.3% one year ago. Civilian employment decreased by 10,000 to 4,500,000 in December 2013, while unemployment decreased by 16,000 to 458,000 over the month. The civilian labor force decreased by 26,000 over the month to 4,958,000 in December 2013. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the county was 8.8% in December 2013.

The California seasonally adjusted unemployment rate was 8.3% in December 2013, 8.5% in November 2013, and 9.8% a year ago in December 2012. The comparable estimates for the nation were 6.7% in December 2013, 7.0% in November 2013, and 7.8% a year ago.

Set forth below is data from calendar years 2008 to 2012 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION (Los Angeles County) Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2008	2009	2010	2011	2012
Civilian Labor Force ⁽¹⁾	4,936,000	4,905,300	4,911,900	4,927,200	4,879,700
Employment	4,566,900	4,337,000	4,294,200	4,323,000	4,345,700
Unemployment	369,100	568,300	617,700	604,200	534,000
Unemployment Rate	7.5%	11.6%	12.6%	12.3%	10.9%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	6,900	6,200	6,200	5,600	5,400
Mining and Logging	4,400	4,100	4,100	4,000	4,200
Construction	145,200	117,300	104,500	105,000	108,800
Manufacturing	434,500	389,200	373,200	366,800	365,700
Wholesale Trade	223,700	204,500	203,000	205,200	210,900
Retail Trade	416,500	387,000	385,700	390,700	396,800
Transportation, Warehousing and Utilities	163,100	151,200	150,600	151,800	154,300
Information	210,300	191,200	191,500	191,900	190,300
Financial Activities	233,300	216,000	209,500	208,400	210,200
Professional and Business Services	582,600	529,800	527,500	542,900	567,200
Educational and Health Services	505,800	514,600	522,000	533,400	544,300
Leisure and Hospitality	401,600	385,600	384,800	394,600	414,100
Other Services	146,100	137,900	136,700	136,900	140,700
Federal Government	51,100	48,700	51,600	49,000	48,100
State Government	82,400	82,000	80,700	82,700	83,100
Local Government	470,300	465,200	447,300	433,800	425,700
Total All Industries	4,077,600	3,830,300	3,778,700	3,802,700	3,869,700

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

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

Source: State of California Employment Development Department.



The table below shows the major employers in the City during 2012-13.

**CITY OF CARSON
Major Employers
For Fiscal Year 2012-13**

<u>Employer Name</u>	<u>No. of Employees</u>
Prime Wheel Corporation	417
See's Candy Shops Inc.	404
Huck International Inc.	385
Mag Aerospace Industries	377
Cedarlane Natural Foods Inc.	302
Sourcecorp BPs Inc.	301
General Mills Operations LLC	287
Xerox Education Services Inc.	278
The Pepsi Bottling Group	276
Pacific Bell	273

Source: City of Carson 2012-2013 Comprehensive Annual Financial Report.



The following table lists the major employers within the County, as of January 2014.

LOS ANGELES COUNTY
Major Employers
As of January 2014

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AHMC Healthcare Inc	Alhambra	Hospitals
All Nations Church	Lake View Terrace	Churches
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
California Institute of Tech	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Edison Carrier Solutions	Rosemead	Electric Companies
FX NETWORKS LLC	Los Angeles	Television-Cable & CATV
Kaiser Sunset	Los Angeles	Hospitals
LAC & USC MEDICAL CTR	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Memorial Med Ctr	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Nestle USA Inc	Glendale	Food Products & Manufacturers
Paramount Petroleum Corp	Paramount	Asphalt & Asphalt Products-Manufacturers
Pomona Valley Hospital Med Ctr	Pomona	Hospitals
Pro Parts	Canoga Park	Automobile Parts-Used & Rebuilt (Whls)
Providence Holy Cross Med Ctr	Sylmar	Health Services
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
Specair	Gardena	Manufacturers
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2014, 1st Edition.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2012 in the City were reported to be \$1.4 million a 13.83% increase over the total taxable sales of \$1.3 million reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.



CITY OF CARSON
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	1,057	\$1,296,821	2,399	\$185,3014
2008	1,057	1,137,593	2,362	182,1000
2009 ⁽¹⁾	1,215	929,729	2,221	142,8961
2010 ⁽¹⁾	1,197	1,008,859	2,202	1,471,240
2011 ⁽¹⁾	1,128	1,155,034	2,128	1,677,560

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2011 in the County were reported to be \$126,440,737,000, an 8.12% increase over the total taxable sales of \$116,942,334,000 reported during calendar year 2010. Figures for calendar year 2012 are not yet available.

Total taxable sales during the first three quarters of calendar year 2012 in the County were reported to be \$33,552,248, a 5.30% increase over the total taxable sales of \$31,863,711 reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.

COUNTY OF LOS ANGELES
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	142,380	\$96,095,711	290,344	\$137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 ⁽¹⁾	175,461	78,444,115	264,928	112,744,727
2010 ⁽¹⁾	182,491	82,175,416	271,293	116,942,334
2011 ⁽¹⁾	179,872	89,251,447	266,868	126,440,737

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.



Median Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City of Carson, County of Los Angeles, the State and the United States for the period 2008 through 2012.

CITY OF CARSON AND LOS ANGELES COUNTY EFFECTIVE BUYING INCOME 2008 through 2012

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2008	City of Carson	\$1,609,685	\$53,906
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Carson	\$1,647,782.5	\$55,747
	Los Angeles County	207,077,608	45,390
	California	844,823,318	49,736
	United States	6,571,536,768	43,252
2010	City of Carson	\$1,555,167.5	\$52,614
	Los Angeles County	196,757,991	43,133
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Carson	\$1,562,685	\$52,384
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Carson	\$1,597,055	\$52,505
	Los Angeles County	210,048,048	44,384
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Nielsen Company (US), Inc.



Building Activity

The table below summarizes building activity in the City and the County from calendar years 2008 through 2012.

CITY OF CARSON Building Permit Activity Dollars in Thousands

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$1,247.8	\$1,646.7	\$383.0	\$781.0	\$5,671.5
New Multi-family	0.0	10,200.0	22,149.0	10,400.0	0.0
Res. Alterations/Additions	<u>9,946.4</u>	<u>7,864.8</u>	<u>13,018.5</u>	<u>13,433.9</u>	<u>9,034.7</u>
Total Residential	11,194.2	19,711.6	35,550.5	24,614.9	14,706.2
New Commercial	12,083.8	12,797.4	626.0	31,400.0	14,879.9
New Industrial	11,505.7	10,344.0	0.0	0.0	0.0
New Other	3,767.7	9,271.7	4,928.7	0.0	4,600.0
Com. Alterations/Additions	<u>37,261.4</u>	<u>20,598.6</u>	<u>17,845.7</u>	<u>21,213.7</u>	<u>63,435.0</u>
Total Nonresidential	64,618.6	53,011.8	23,400.4	52,613.7	82,914.9
<u>New Dwelling Units</u>					
Single Family	6	6	1	3	27
Multiple Family	<u>0</u>	<u>85</u>	<u>100</u>	<u>65</u>	<u>0</u>
TOTAL	6	91	101	68	27

Source: Construction Industry Research Board, Building Permit Summary

COUNTY OF LOS ANGELES Building Permit Activity Dollars in Thousands

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$1,134,121.1	\$798,305.0	\$922,092.0	\$1,026,679.4	\$1,127,916.8
New Multi-family	1,409,062.3	521,793.7	810,621.4	1,225,553.4	1,484,648.9
Res. Alterations/Additions	<u>1,411,332.6</u>	<u>103,157.9</u>	<u>1,109,768.6</u>	<u>1,431,581.5</u>	<u>1,208,758.1</u>
Total Residential	3,954,515.9	2,393,256.6	2,842,482.0	3,683,814.3	3,821,323.8
New Commercial	1,517,965.4	513,381.3	531,995.6	612,800.9	1,364,188.7
New Industrial	134,587.0	40,084.0	55,772.9	135,976.2	202,882.5
New Other	680,228.1	462,139.0	436,807.8	286,119.7	107,608.9
Com. Alterations/Additions	<u>2,157,857.2</u>	<u>1,657,939.6</u>	<u>1,662,362.9</u>	<u>1,774,207.9</u>	<u>2,199,249.7</u>
Total Nonresidential	4,490,637.8	2,673,543.9	2,676,939.1	2,809,104.7	3,873,929.8
<u>New Dwelling Units</u>					
Single Family	3,539	2,131	2,439	2,338	2,820
Multiple Family	<u>10,165</u>	<u>3,522</u>	<u>5,029</u>	<u>8,052</u>	<u>8,895</u>
TOTAL	13,704	5,653	7,468	10,390	11,715

Source: Construction Industry Research Board, Building Permit Summary



APPENDIX D
FISCAL CONSULTANT'S REPORT



APPENDIX E
FORM OF CO-BOND COUNSEL OPINION



APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
REDEVELOPMENT PROJECT AREA NO.1
TAX ALLOCATION REFUNDING BONDS, SERIES 2014A**

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY (the "**Successor Agency**") in connection with the execution and delivery of the bonds captioned above (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2014 (the "**Indenture**"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the Successor Agency's fiscal year (currently March 31 based on the Successor Agency's fiscal year end of June 30).

"*Dissemination Agent*" means _____ [Trustee is 2009 Bonds Dissemination Agent], or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"*Official Statement*" means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.



"Participating Underwriter" means Stifel, Nicholas & Co., Incorporated and Cabrea Capital Markets, LLC., the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report

shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) An update with respect to the current fiscal year of the financial information in Table 1-Assessed Values, Table 2-Land Use Category Summary, and Table 5-Ten Largest Taxpayers;

(ii) An update for with respect to the preceding fiscal year fiscal year of the financial information in Table 9-Debt Service Coverage using an updated "Net Tax Increment" amount calculated in the same manner as the next to last column of Table 8; and

(iii) An update of the information set for in tabular form under the heading "SECURITY FOR THE BONDS-Recognized Obligation Payment Schedules or ROPS" relating to the timely filing of Recognized Obligation Payment Schedules and a description of any changes in the law that affects the manner of the filing of Recognized Obligation Payment Schedules.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.



- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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



(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

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

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Kosmont Realty Corp. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form,



the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time



to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2014

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____

Name: _____

Title: _____



EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Carson Redevelopment Agency
Name of Issue: Successor Agency to the Carson Redevelopment Agency
Redevelopment Project No. 1 Tax Allocation Refunding Bonds,
Series 2104A
Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of _____, 2014, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____



APPENDIX G
BOOK-ENTRY ONLY SYSTEM

APPENDIX H
STATE DEPARTMENT OF FINANCE APPROVAL LETTER

