10a.

AGENDA REPORT

SUBJECT/TITLE:

AMENDMENT OF CITY OF GUADALUPE'S LEASE WITH CLAY'S SEPTIC & JETTING, INC. TO PERMIT ENGEL & GRAY, INC. TO ASSUME RESPONSIBILITY FOR REMOVAL OF BIOSOLIDS FROM THE WASTEWATER TREATMENT PLANT

RECOMMENDATION:

1. **THAT THE CITY COUNCIL ADOPT RESOLUTION NO. 2017-59 AUTHORIZING THE MAYOR OF THE CITY OF GUADALUPE TO SIGN AN AMENDMENT TO THE CITY'S LEASE WITH CLAY'S SEPTIC & JETTING INC. TO ASSUME THE RESPONSIBILITY FOR REMOVAL OF BIOSOLIDS FROM THE WASTEWATER TREATMENT PLANT TO ENGEL & GRAY, INC.**

2. **THAT THE CITY COUNCIL ADOPT RESOLUTION NO. 2017-60 AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT BETWEEN THE CITY AND ENGEL & GRAY, INC. REGARDING THE REMOVAL OF BIOSOLIDS FROM THE CITY'S WASTE WATER TREATMENT PLANT**

DISCUSSION:

The City entered into a one-year lease agreement with Clay's Septic & Jetting, Inc. ("Clay's") on July 14, 2014, to allow Clay's to place and operate its frack tanks used for the storage of septage, grease, and water waste and associated equipment required for the operation of the frack tanks, and the installation of a mobile office at the City's wastewater treatment plant ("WWTP"). In exchange, Clay's agreed to pay the City monthly rent in the amount of $2,000, and also, that would dispose of all sewage sludge (biosolids) generated by the City at the WWTP at its sole cost.

Aside from the revenue, this arrangement was beneficial to the City because the water received at the WWTP lacks adequate bacteria, and the feces deposits from the Clay's septic operations are used to provide a balance of good bacteria necessary to offset the extremely clean excess waste water from the APIO processing facility.

On September 9, 2015, the City and Clay's entered into a new lease with essentially the same terms, except that the lease was for five (5) years, and Clay's agreed to pay rent to the City the amount of $4,000 for the first two years of the lease, and $6,000 a month for the final three years of the lease. A copy of this lease is attached (Attachment 1).

Since the inception of the original lease, Clay's had been transporting the biosolids to an appropriate location in compliance with all law, but recently, Clay's requested that the City allow it to enter into an agreement with Santa Maria based Engel & Gray, Inc. ("Engel & Gray") for removal of the biosolids. However, Engel & Gray advised the City that it could not enter into an agreement with Clay's because of government regulations, so in order for Engel & Gray to remove the biosolids from the WWTP, it needed to enter into an agreement directly with the City.

Accordingly, the City needs to amend its lease with Clay's so that Engel & Gray can remove the biosolids from the WWTP, and also, enter into an agreement with Engel & Gray. Clay's is willing to reimburse the City for the costs the City incurs in the agreement with Engel & Gray. Clay's has requested that it be allowed to give 30 days' notice to the City if it wishes to resume responsibility for removal of the biosolids. The City was willing to accommodate Clay's request and the proposed agreement with Engel & Gray allows the City to cancel the agreement upon 30 days' written notice. A copy of the First Amendment to the City of Guadalupe's lease with Clay's is attached (Attachment 2) which will amend the lease to permit Engel & Gray to assume responsibility for removal of the biosolids from the WWTP. A copy of the proposed agreement between the City and Engel and Gray is also attached (Attachment 3).

ATTACHMENTS:

1. First Amendment to City of Guadalupe's Lease with Clay's Septic & Jetting, Inc
2. Resolution No. 2017-59
3. Proposed Agreement between the City of Guadalupe and Engel and Gray
4. Resolution No. 2017-60

Prepared by: Philip F. Sinco, City Attorney **Meeting Date: 10 October 2017**

City Administrator Approval: CMR

Agenda Item: _____

RESOLUTION NO. 2017-59

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE APPROVING THE FIRST AMENDMENT OF THE LEASE BETWEEN THE CITY OF GUADALUPE AND CLAY'S SEPTIC & JETTING, INC. DATED SEPTEMBER 9, 2015

WHEREAS, the City of Guadalupe ("City") and Clay's Septic & Jetting, Inc. ("Clay's)") executed a lease agreement ("Lease") on September 9, 2015 to permit Clay's to place and operate its frack tanks used for the storage of septage, grease, and water waste and associated equipment required for the operation of the frack tanks, and the installation of a mobile office at the City's wastewater treatment plant ("WWTP") ; and

WHEREAS, Section 3.d of the Lease provides that Clay's, at its sole cost, shall dispose of all sewage sludge (biosolids) generator by the City at the City's WWTP; and

WHEREAS, Clay's has been transporting and disposing of these biosolids itself, but now wishes to have a qualified contractor, Engel & Gray, Inc., ("Engel & Gray") perform this removal and disposal on its behalf and comply with its obligations under the Lease; and ;.

WHEREAS, Clay's initially wanted to enter directly into a contract with Engel & Gray for the disposal of the biosolids, but Engel & Gray advised the City that it is unable to contract directly with Clay's to provide this service because of applicable government regulations; and

WHEREAS, in order to accommodate Clay's request to have Engel & Gray remove and dispose of biosolids from the WWTP, the City must enter into a contract directly with Engel & Gray for this service, and must amend the Lease to permit this and otherwise clarify the rights and obligations of the parties thereunder; and

WHEREAS, the City has reviewed Engel & Gray's qualifications to provide this service and finds that Engel & Gray is qualified to transport and dispose of the biosolids at the WWTP.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Guadalupe as follows:

1. The above recitals are true and correct.

2. The Mayor is authorized to sign the First Amendment to the Lease between the City of Guadalupe and Clay's Septic & Jetting, Inc. dated September 9, 2015, attached hereto as Exhibit A.

PASSED, APPROVED AND ADOPTED on October 10, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
JOHN LIZALDE, MAYOR

ATTEST:

_____
JOICE EARLEEN RAGUZ, CLERK

I hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council of the City of Guadalupe held on October 10, 2017.

APPROVED AS TO FORM:

_____
PHILIP F. SINCO
CITY ATTORNEY

FIRST AMENDMENT OF THE LEASE AGREEMENT BETWEEN THE CITY OF GUADALUPE AND CLAY'S SEPTIC & JETTING, INC. DATED SEPTEMBER 9, 2015

RECITALS

1. The City of Guadalupe, Lessor, and Clay's Septic & Jetting, Inc., Lessee, executed a Lease on September 9, 2015. A true and correct copy of the Lease is attached hereto and incorporated as Exhibit "A;" and

2. Section 3.d of the Lease provides that Lessee will, at its sole cost, dispose of all sewage sludge (biosolids) generator by Lessor at Lessor's waste water treatment plant; and

3. Lessee has been removing and disposing of these biosolids itself; however, it now wishes to have a contractor, Engel & Gray, Inc., perform this removal and disposal on its behalf; and

4. While Engel & Gray, Inc. has advised Lessor that it is willing and able to remove and dispose of the biolsolids from Lessor's waste water treatment plant, it is unable to contract with Lessee to provide this service because of applicable government regulations, and therefore, in order to accommodate Lessee's request to have Engel & Gray, Inc. provide the removal and disposal of biosolids from the waste water treatment plant, Lessor will have to enter into a contract with Engel & Gray, Inc. directly, and will need to amend its lease with Lessee to clarify the rights and obligations of the parties thereunder.

THEREFORE, the parties agree as follows:

1. Section 3.d of the Lease is hereby replaced with the following provision:

> In addition to the Rent stated in subsection (a) of this section, Lessee shall during the Term, at Lessee's sole cost, dispose of all sewage sludge generated by Lessor at Lessor's Wastewater Treatment Facility. Such disposal shall be in accordance with all applicable laws and regulations. The Lessee shall indemnify, defend, protect, and hold Lessor free and harmless from, and against any and all claims, liabilities, penalties, or expenses (including attorneys' fees) incurred by Lessor arising from or caused or allegedly caused, in whole or in part, directly or indirectly, by Lessee's storage, transportation, disposal, release or discharge of the sewage sludge. Lessee shall be permitted to comply with the obligation to dispose of all sewage sludge required by this subsection (d), at Lessee's option, to request that Lessor consider entering into an agreement with a qualified contractor to dispose of the sewage sludge. Lessor shall not be required to approve or accept such contractor, but Lessor's consent will

not be unreasonably withheld. Any such contractor accepted and approved by Lessor to dispose of the sewage sledge shall enter into an agreement directly with Lessor, and Lessee agrees to reimburse Lessor for all expenses it incurs from the services provided by such contractor. Lessee shall submit reimbursement payments to Lessor within thirty (30) days from the date Lessor mails copies of the contractor's invoices to Lessee. Lessee shall have the right to request that the City cancel any such agreement with such contractor and resume sole responsibility for the disposal of all sewage sludge, upon giving 30 days' written notice to Lessor. Lessee may resume responsibility to dispose of the sewage sludge, or may request that the City consider another qualified contractor to contract with for disposal of the sewage sludge as provided herein. Lessor also reserves the right to cancel any agreement with any qualified contractor for disposal of the sewage sludge, for cause, in which case, Lessor shall give Lessee thirty (30) days' notice of Lessor's cancellation of the agreement with the contractor and require Lessee to resume sole responsibility for disposal of the sewage sludge, or identify another qualified contractor for Lessor to consider entering into an agreement with for disposal of the sewage sludge as provided herein.

Dated:_____ Lessor, City of Guadalupe

_____
By: Mayor, John Lizalde

Dated: _____ Lessee, Clay's Septic & Jetting, Inc.

_____
By: Clay Jeffries, Owner

Approved as to form:

_____
Philip F. Sinco
City Attorney

LEASE AGREEMENT

THIS LEASE AGREEMENT is made effective as of Sept. 9, 2015 by The City of Guadalupe, California, a general law city, ("Lessor") and Clay's Septic & Jetting, Inc. ("Lessee").

WITNESSETH

In consideration of the covenants, conditions, rents and stipulations hereinafter mentioned and to be faithfully kept and exactly and promptly paid and performed by Lessee, the parties agree as follows:

1. **PROPERTY**. Lessor hereby leases unto Lessee that certain real property consisting of approximately 20,000 square feet of land located at Lessor's Wastewater Treatment Facility in Guadalupe, California ("the Leased Premises") and more particularly described as follows on Exhibit 1, attached hereto and incorporated by this reference.

2. **TERM**.

The term of this Lease Agreement shall be for five years commencing September 1, 2015 and ending August 30, 2020.

3. **RENT**.

a. Lessee agrees to pay Lessor, as rental for the Leased Premises, the monthly rent of Four Thousand Dollars ($4000.00) during the first two years of the lease and the monthly rent of Six Thousand Dollars ($6000.00) during the final three years of the lease, which shall be due and payable in advance on the first day of each month, commencing September 1, 2015.

b. Lessee shall pay all personal property taxes, general and special assessments and other charges of every description levied on or assessed against the Lessee's personal property, any improvements to the Leased Premises, and personal property located on or in the Leased Premises, to the full extent of installments falling due during the Term, whether belonging to or chargeable against Lessor or Lessee. Lessee shall make all such payments directly to the charging authority before delinquency and before any fine, interest or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at Lessee's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency. Such tax payments shall not, in any manner, reduce the rental paid to Lessor pursuant to this section.

c. In addition to the Rent stated in subsection (a) of this section, Lessee shall pay all costs and expenses of every kind and nature paid or incurred by Lessee (whether obligated to do so or undertaken at Lessee's discretion) in the placement, operation, maintenance and replacement of sewage and grease water frack tanks, associated equipment, and a mobile office located on the Leased Premises. Such cost and

expenses shall include, but not be limited to, costs of installation, management; cleaning; electricity; water supply; the costs of maintaining, repairing and replacing all of Lessee's improvements, supplies, tools, equipment and materials used in the operation and maintenance of the frack tanks; removal of trash, rubbish, garbage and other refuse; painting; removal of graffiti, providing security to the extent Lessor determines in its sole discretion to do so (including security systems and/or systems designed to safeguard life or property against acts of God and/or criminal and/or negligent acts, and the costs of maintaining of same); public liability, property damage, fire insurance, earthquake and flood coverage and any other insurance coverage obtained by Lessee voluntarily or as required by this Lease Agreement, water and sewer charges; utility charges; license and permit fees necessary to operate the frack tanks and rent paid for leasing, or purchase price paid for ownership of any such equipment. The intent of this Lease Agreement is for Lessee to absorb all costs incurred, however described, in its operations of the frack tanks, whether explicitly stated herein or not.

d. In addition to the Rent stated in subsection (a) of this section, Lessee shall during the Term, at Lessee's sole cost, dispose of all sewage sludge generated by Lessor at Lessor's Wastewater Treatment Facility. Such disposal shall be in accordance with all applicable laws and regulations. The Lessee shall indemnify, defend, protect and hold Lessor free and harmless from and against any all claims, liabilities, penalties, or expenses (including attorneys fees) incurred by Lessor arising from or caused or allegedly caused, in whole or in part, directly or indirectly, by Lessee's storage, transportation, disposal, release or discharge of the sewage sludge.
e. Lessee acknowledges that Lessor may lease other portions of the Lessor's property to other parties. Lessee further acknowledges that any common areas of the Lessor's property are intended for common usage of all lessees of the property, including but not limited to parking areas, landscaping strips, roadways and sidewalks. Lessee has no exclusive right to occupy said common areas, and said common areas are intended for common use by all lessees within the property.

4. **USE OF PROPERTY.**

Lessee shall use the Leased Premises for the purposes of installing and operating frack tanks for the storage of septage and grease and water waste, installing mobile office structures and equipment required for the operation of said frack tanks, and for no other purpose without Lessor's prior written consent.

Such use can increase over time in phases from the combined currently-approved average of 8,000 gallons per day of septage and grease water to a combined future maximum average of 16,000 gallons per day provided each increase in volume receives the approval of the Wastewater Supervisor. Such approval will be based on the Wastewater Supervisor's judgement as to whether the proposed volume increase will be compatible with the Wastewater Treatment Facility's wastewater treatment process. Annual increases in volume shall not exceed 25% per year.

Should these averages be exceeded on a continuing basis, the Lessor and Lessee will meet to discuss changes to the terms of the Lease Agreement, and if agreed upon by the parties, to discuss changes to the Rent amount set forth in Section 3 above. Lessee shall further limit its operations on the Leased premises to occur solely during the hours of 7am and 7pm each day.

5. **REPAIRS AND IMPROVEMENTS**

a. Lessee agrees to maintain the Leased Premises and improvements in as good a condition as received, except for normal wear and tear or damage by the elements or by Acts of God.
b. Lessee shall not make additions or alterations to the improvements on the Leased Premises without the prior written consent of Lessor. Any and all additions and alterations to the improvements on the Leased Premises shall belong to Lessor at the termination of this Lease Agreement, and Lessee shall have no right whatsoever to remove the same from the Leased Premises, except those improvements made by Lessee that can be removed without damage to the Leased Premises.

6. **INSPECTION**

Lessor or Lessor's agents may at any time enter upon the Leased Premises for the purpose of inspecting the same for posting notices, waste, other injury or any other purpose whatsoever.

7. **COMPLIANCE WITH LAWS**

The Lessee shall not do, not permit to be done, nor keep, nor permit to be kept, in or about the Leased Premises, anything that shall be in violation of any law, ordinance or regulation of any governmental authority. In all operations hereunder, Lessee will comply with all applicable laws, at Lessee's sole cost and expense.

The Lessee shall provide Workers Compensation coverage for any employees performing work of any kind on the Leased Premises.

The Lessee shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations relating to industrial hygiene, environmental protection and the use, analysis, generation, application, storage and disposal of any hazardous, toxic, contaminated or polluting materials.

The Lessee shall at is own expense procure, maintain and comply with all permits, licenses and other governmental and regulatory approvals required for Lessee's use, storage handling, transportation or disposal of any hazardous, toxic, contaminated or polluting materials used on the Leased Premises. Under no circumstances shall Lessee dispose of, or permit anyone else to dispose of, hazardous, toxic, contaminated or polluting materials on the Leased Premises regardless of any permit allowing such activity.

Upon termination of this Lease Agreement, Lessee shall cause all hazardous, toxic, contaminated or polluting materials to be removed from the Leased Premises, and to be transported and disposed of in accordance with all applicable laws, except for hazardous, toxic, contaminated or polluting materials placed or used on the Leased Premises prior to Lessee's tenancy of the Leased Premises. Lessee shall immediately notify Lessor of any hazardous, toxic, contaminating or polluting materials upon the Leased Premises, which are already known to Lessee or discovered upon the Leased Premises during the term of this Lease Agreement.

The Lessee shall indemnify, defend, protect and hold Lessor free and harmless from and against any all claims, liabilities, penalties, or expenses (including attorneys fees) incurred as a direct or indirect result of death or injury to any person or damage to any property arising from or caused in whole or in part, directly or indirectly, by (i) the presence in, on, under or about the Leased Premises, or Lessee's use, analysis, storage, transportation, disposal, release or discharge in, on, under or about the Leased Premises, of any hazardous, toxic, contaminated or polluting materials; (ii) Lessee's failure to comply with any laws, regulation or permit pertaining to the use, analysis, storage, transportation, disposal, release or discharge in, on, under, or about the Leased Premises, of any hazardous, toxic, contaminated or polluting materials. The Lessee's obligations hereunder shall include all costs of any required or reasonable necessary investigation, repose repair, cleanup, and detoxification of the Leased Premises. For purposes of this indemnification clause, any acts or omissions of employees, agents, assignees, contractors or subcontractors of Lessee shall be strictly attributable to Lessee whether or not Lessee has actual notice of such acts or omissions. Also for purposes of this indemnity clause, Lessee shall not be responsible for any hazardous, toxic, contaminated or polluting materials on the Leased Premises prior to Lessee's tenancy of the Leased Premises.

The Lessee shall not install any underground tanks upon the Leased Premises.

8. **LIENS AND ENCUMBRANCES.**

Lessee agrees to pay when due all sums of money that may become due for any labor, services, materials, supplies or equipment furnished to or for Lessee upon the Leased Premises and to keep said Leased Premises free from all liens for labor or materials during the term hereof.

9. **INDEMNITY**

Lessee waives any and all claims again Lessor for injury or death to person or damage to property occurring on or about the Leased Premises other than caused by the sole negligence of Lessor, its agents, servants or employees, and Lessee agrees to indemnify, defend with counsel of Lessor's choice, and save Lessor harmless from and against any and all claims and liability on account of injury or death to persons or damage to property of third persons on or about the Leased Premises, from whatsoever cause, by whomsoever asserted, or howsoever arising.

10. **PUBLIC LIABILITY INSURANCE**

Lessee shall carry, from the commencement of the Lease Agreement and at all times during the term of this Lease Agreement or any extension thereof, a public liability insurance policy. Said policy shall include contractual coverage, in the amounts of not less than $1,000,000.00 for any one person injured or killed, not less than $1,000,000.00 for any one occurrence, and not less than $1,000,000.00 for property damage, protecting Lessor and Lessee against any such liability. Lessor shall be named as an additional insured by endorsement. Lessee will furnish Lessor with a certificate showing that the above coverage is in effect, including the name of Lessor as an additional insured on an endorsement to the policy. Such certificate shall provide for thirty (30) days written notice to Lessor prior to cancellation of the policy referred to therein. If the insurer refuses to provide such notice to Lessor, Lessee shall provide not less than seven days' advance written notice to Lessor of any cancellation of the policy.

11. **SURRENDER OF PREMISES.**

a. Lessee agrees that it will, at the expiration of this Lease Agreement or sooner termination thereof, peaceably and quietly leave, surrender and yield up the Leased Premises and all improvements thereon, except those improvements Lessee is entitled to remove under Paragraph 5(b) of this Lease Agreement, unto Lessor. The Leased Premises and improvements shall be surrendered in as good a condition as when received by Lessee, or, in the case of improvements installed by Lessor, in as good a condition as when received by Lessee, except for reasonable wear and tear, damage by the elements or Acts of God.

b. Any holding over by Lessee after the expiration of the term hereof shall be deemed to be a tenancy from month to month at the rental rate in effect on the date of expiration, said rental to be computed and paid on a monthly basis for each full month of holding over and on a daily basis for any additional period of holding over which is less than one month. If such holding over is of only a portion of the Leased Premises, the rental obligation shall be for the entire Leased Premises.

c. Lessee shall remove its equipment, supplies, including containers of chemicals, or other toxic or regulated material, and other personal property from the Leased Premises upon its surrender. If upon the expiration or termination of this Lease Agreement or upon the sooner vacation or abandonment of the Leased Premises, any personal property belonging to Lessee is left on the Leased Premises for more than thirty (30) days, such personal property may be considered abandoned and may be disposed of by Lessor as the Lessor sees fit at Lessee's cost.

12. **ABANDONMENT AND DEFAULT.**

a. If Lessee shall abandon the Leased Premises, or if bankruptcy or other insolvency proceedings be instituted by or against Lessee, or if default shall be made in the payment of rental or other cash payments to be made hereunder by Lessee and such default shall not be made good within ten (10) days after receipt of written notice from Lessor of the existence thereof, or if default shall be made in the performance of any other covenant, agreement or condition herein contained by the Lessee to be kept and performed and the Lessee shall not in good faith commence to cure such default

within twenty (20) days after receipt of written notice from the Lessor of the existence thereof and thereafter diligently proceed to completely eliminate such default, then and in any such event the Lessor may, at Lessor's option reenter the Leased Premises, take possession of the Leased Premises.

b. Should Lessor elect to reenter, as herein provided, or should Lessor take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may either terminate this Lease Agreement, or relet said Leased Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Lessor in its sole discretion may deem advisable.

13. **ASSIGNMENT AND SUBLETTING.**

Lessee shall not assign, transfer, or encumber this Lease Agreement or any interest herein without the prior written consent of Lessor. Lessee shall not sublease all or any part of the Leased Premises or allow any persons other than Lessee's agents or employees to occupy or use all or any part of the Leased Premises without prior written consent of the Lessor. Lessor's consent to one assignment, sublease, occupation, or use by any other person shall not be deemed to be a consent to any subsequent assignment, sublease, occupation, or use by any other person. Any assignment or subleasing without prior written consent of Lessor shall be void. The consent of Lessor to the assignment or subleasing of any interest in this Lease Agreement by Lessee shall not be unreasonably withheld. Lessor shall have the right to assign or transfer all or any part of this Lease Agreement or any rights to it, at any time and without Lessee's consent.

14. **ATTORNEY'S FEES.**

In any action or proceeding for the enforcement of any right or obligation hereunder, the prevailing party shall be entitled to reasonable attorney's fees and court costs.

15. **TIME.**

Time is of the essence of each term and provision of this Lease Agreement.

16. **WAIVER.**

Lessor's acceptance of rent with knowledge of any default by Lessee, or waiver by Lessor of any breach of any term of this agreement, shall not constitute a waiver of prior or subsequent breaches. Failure to require compliance or to exercise any right shall not be construed as a waiver by Lessor of aid term, condition, and/or right, and shall not affect the validity or enforceability of any provision of this agreement.

17. **SUCCESSORS AND ASSIGNS.**

Subject to such restrictions as are contained herein, this Lease Agreement and all of the terms, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

18. **NOTICES.**

a. Any notice required to permitted to be given hereunder will be sufficiently served if in writing and given personally to the person to be served, or if deposited in the United States Mail, registered or certified, with postage prepaid and addressed to the party to be served as follows:

To Lessor: City of Guadalupe
Attn: City Administrator
918 Obispo Street
Guadalupe, CA 93434

To Lessee: Clay's Septic & Jetting, Inc.
867 Guadalupe
Guadalupe, CA 93434

b. Either party may change its respective address to which notices directed to it are to be mailed by written notice given to the other at the respective address set forth above, or as change in accordance herewith.

19. **PARTIAL INVALIDITY.** If any provision of this Lease Agreement or the application of any provision to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law.

20. **TAXES.** No fee interest in real property is hereby conveyed; however, by the execution of this Lease Agreement and accepting the benefits thereof, a property interest known as "possessory interest" may be created and such property interest will be subject to property taxation. Lessee, as the party to whom the possessory interest is vested, shall be responsible for the payment of all property taxes levied upon such interest. Lessee acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided. Lessee shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the Term hereof upon all Lessee's equipment, furniture, fixtures and personal property located in or upon the Premises.

21. **COMPLETE AGREEMENT.** This agreement and the exhibits attached hereto constitute the entire agreement between the parties hereto and it is understood and agreed that all undertakings and agreements heretofore had between these parties are merged herein. No representation, promise, or inducement not included herein shall be binding upon any party hereto.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement to be effective on the date first above written.

LESSOR:

John Lizalde

John Lizalde, Mayor

LESSEE:

Clay Barbo

By:

RESOLUTION NO. 2017-60

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE APPROVING AN AGREEMENT BETWEEN THE CITY OF GUADALUPE AND ENGEL & GRAY, INC. FOR REMOVAL, TRANSPORTATION, AND DISPOSAL OF BIOSOLIDS FROM THE CITY'S WASTE WATER TREATMENT PLANT

WHEREAS, the City of Guadalupe ("City") and Clay's Septic & Jetting, Inc. ("Clay's") executed a lease agreement on September 9, 2015 that included the requirement that Clay's, at its sole cost, shall dispose of all sewage sludge (biosolids) generator by the City at the City's Waste Water Treatment Plant ("WWTP"); and

WHEREAS, Clay's has been performing the transporting and disposing of these biosolids itself, but now wishes to have a qualified contractor, Engel & Gray, Inc., ("Engel & Gray") perform this removal and disposal on its behalf and comply with its obligations under the Lease; and

WHEREAS, Clay's is unable to contract directly with Engel & Gray for this service due to applicable government regulations; and

WHEREAS, in order to accommodate Clay's request to have Engel & Gray remove and dispose of biosolids from the WWTP, the City is willing to enter into a contract directly with Engel & Gray for this service; and

WHEREAS, the City has reviewed Engel & Gray's qualifications to provide this service and finds that Engel & Gray is qualified to transport and dispose of the biosolids at the WWTP.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Guadalupe as follows:

1. The above recitals are true and correct.

2. The Mayor is authorized to sign an agreement between the City of Guadalupe and Engel & Gray for removal, transportation, and disposal of biosolids from the City's WWTP, a copy of which is attached hereto as Exhibit A.

PASSED, APPROVED AND ADOPTED on October 10, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
JOHN LIZALDE, MAYOR

ATTEST:

_____
JOICE EARLEEN RAGUZ, CLERK

I hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council of the City of Guadalupe held on October 10, 2017.

APPROVED AS TO FORM:

_____
PHILIP F. SINCO
CITY ATTORNEY

AGREEMENT FOR THE
COMPOSTING OF BIOSOLIDS

This agreement is made and entered into effect October 1, 2017 between City of Guadalupe WWTP(hereinafter referred to as "WWTP") and Engel & Gray Inc., Santa Maria, California, a California Corporation (referred to as "Contractor")

WHEREAS, Contractor has permits from the California Integrated Waste Management Board, and the Central Coast Regional Water Quality Control Board, to operate a composting facility located on Ray Road, Santa Maria, Ca., ("Compost Site"),

WHEREAS, subject to the specific terms and conditions set forth herein Contractor desires to enter into an agreement with the WWTP for composting of the WWTPs biosolids, and the distribution/marketing of the biosolids compost end product, and

WHEREAS, WWTP desires to have Contractor compost the WWTP's biosolids at the Compost Site in accordance with the specific terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

Section 1 - Definitions. The following terms shall have the meaning stated in this Section, unless the context clearly requires another meaning:

A. "Biosolids" shall mean wastewater solids with a solids content greater than 15% by weight.

B. "Compost Sites" shall mean the Engel & Gray Inc., Regional Composting Site located on Ray Road, Santa Maria, California.

Section 2 - Nature of Agreement. When fully executed by the Parties, this agreement shall constitute a contract whereby Contractor agrees to compost biosolids from the WWTP's wastewater treatment plant based on a minimum of 90% (ninety percent) of the WWTP's 2016 wet tons per year. If quantities change plus or minus 10% EG may require a review of the agreement at EG's option.

Section 3 - Terms of Agreement. This agreement shall continue in full force and effort for a period of Two (2) years commencing October 1, 2017 and ending September 30, 2019. The term shall be automatically extended for successive periods of one (1) year each unless either party gives the other party not less than 90 days prior written notice of its election not to extend, except as subject to early termination as provided in Section 4 of this agreement.

Section 4 - Early Termination. During its term, and any renewal period thereof, this agreement may be sooner terminated by written notice of termination as follows:

A. By Contractor upon twenty-four (24) hours written notice to the WWTP if Contractor can no longer lawfully perform the services required herein, provided however, that Contractor shall give the WWTP immediate written notice of any information (whether written, oral, informal, formal, or in any other communication) that may potentially affect Contractor's ability to lawfully perform the services required herein to the effect that any judicial or administrative action proceeding or enforcement is pending or threatened by any local, state, or federal regulatory agencies ("regulating agencies") with jurisdiction over any aspect of Contractor's operations at the Compost Site or any other matter which could impact Contractor's ability to perform the obligations of this agreement.

B. By either party in the event the defaulting party fails to cure a material breach of this agreement within thirty (30) days of receipt of a written notice from the non-defaulting party of such material breach;

C. By contractor, a review of the agreement may lead to a change in the transport and treatment price, with both party's agreement or a 90 day contract termination notice at contractors discretion without cause and without penalty, upon ninety (90) days prior written notice, given at the sole discretion of the contractor.

Section 5 - Composting of Biosolids. All biosolids to be removed by Contractor shall be dewatered to an average of 15% solids or dewatered to a greater extent. WWTP biosolids shall meet the EPA definition of "SUB Class B" regarding pathogens and vector attraction reduction as set forth in 40 CFR 503, shall be agronomically suited for beneficial reuse as a feedstock for composting, and shall meet the state and federal requirements listed below:

A. The biosolids are non-hazardous pursuant to Title 22 of the California Code of Regulations. The WWTP shall (at its expense) provide the Contractor with copies of routine Title 22 test results on WWTP's biosolids throughout the term of this agreement, with sampling to be performed twice each year.

B. The biosolids are below the standards specified by the US EPA 40 CFR 503 for metal ceiling concentration limits.

Section 6 - Inclement Weather. Contractor shall provide facilities to ensure its ability to accomplish the composting of the WWTP's biosolids during inclement weather.

Section 7 - Weights and Billing; Operations in Compliance with Applicable Law. WWTP shall pay Contractor during the term of the agreement a fee of $ 46.20 (Forty-Six Dollars and Twenty Cents) per wet ton of biosolids delivered to the Contractor from the WWTP's wastewater treatment plant. This price includes transportation and composting. Bin rental charge of $ 180.00 per month, for two bins. Minimum event charge is a charge for picking up and transporting the biosolids bin to the EG Regional Compost Facility of $ 323.40 / load, when the tonnage of the bin is less than 7 tons.

Contractor shall invoice WWTP monthly. All invoice amounts not in dispute shall be paid by WWTP within thirty (30) days of WWTP's receipt of invoices. Contractor and WWTP shall meet and confer with regard to any disputed invoices, or portions thereof, prior to any formal dispute resolution process as set forth in Section 15.

All Contractor invoices shall include copies of weight tickets for each load of biosolids included in the invoice. The information on the weight ticket shall be summarized by date and shall include ticket

number and net weight for each load. Contractor shall keep and store at their corporate offices complete and accurate records detailing all biosolids hauling from the WWTP, including all invoices and original weight tickets.

Contractor shall compost WWTP biosolids, operate all of Contractor's premises, and distribute and market the compost product in strict compliance with any and all applicable laws, ordinances, rules, regulations (including but not limited to 40 CFR 503), and permits of regulatory agencies with jurisdiction over Contractor's operations. WWTP shall have the right to cease or cancel agreement (per Section 4B) with Contractor and shall have no obligation to pay Contractor in the future, if at any time the WWTP determines that the Contractor is not operating the Compost Site or distributing and marketing the compost end product, in accordance with all applicable laws, ordinances, rules or regulations, and with the requirements of permit(s) issued to Contractor. Contractor represents and warrants that its Compost Site and all of its operations are currently conducted and operated in compliance with all such laws, ordinances, rules, regulations, and permit(s).

WWTP shall respect confidentiality of Contractors records. Contractor shall maintain records pertaining to this agreement and its activities there under for five (5) years following the termination of the agreement.

Section 8 - Fuel surcharge. A fuel surcharge will be applied based on a August 7, 2017 pump price for Diesel of $ 2.989. For every $ 0.07 increase above this results in a one percent surcharge (1%). The posted price is taken from Web URL: http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp . This is the Energy Information Administration (EIA) web page, created by Congress in 1977. The surcharge language allows us to set a lower and fairer recycling rate. The surcharge adjusts monthly.

Section 9 - Cost of Living Adjustments. Twelve (12) months after the Commencement Date and every twelve (12) months thereafter, the Charges and Fees for the remaining lease term shall be adjusted to reflect an adjustment, compounded annually, of the change in the Consumer Price Index between the month which is Three (3) months prior to the month of the Commencement Date and the mouth which is three (3) months prior to the adjustment date.

The Consumer Price Index to be used is the Los Angeles-Anaheim-Riverside Consumer Price Index - all items, published monthly by the U.S. Department of Labor, Bureau of Labor Statistics. If said Consumer Price Index is discontinued, then the parties shall substitute therefor any successor index supplied by the U.S. Department of Labor which reflects consumer price levels for the area encompassing the WWTP of Los Angeles, and if no such successor index exists, then the parties shall select another similar index which reflects consumer price levels. If the parties cannot agree on another index, it shall be determined by binding arbitration.

Section 10 - Market Development Program. The Market Development Program is carried out by Contractor and may consist of sales outreach, recycle award program, educational program, and healthy soil program.

Section 11 - Ownership of Biosolids. All WWTP biosolids shall become the property of the Contractor immediately upon the Contractor taking possession of the biosolids at the Contractor's Compost Site.

Section 12 - Reporting. Contractor, shall provide WWTP, information reasonable requested by WWTP pertaining to Contractor's compliance with laws, ordinances, rules and regulations and permits relative to its operation of the Compost Site. Contractor, at its expense, shall additionally furnish the WWTP with product quality information that demonstrates the achievement of Class A pathogen status.

Section 13 - Indemnity. Contractor shall investigate, defend, indemnify, and hold harmless the WWTP and its elected officials, directors, officers, agents, and employees from and against any and all loss, damage, liability, claims, demands, costs, charges, and expenses (including reasonable attorney's and expert consultant fees) and causes of action of whatsoever character which the WWTP may incur, sustain, or be subjected to on account of loss or damage to property or loss of use thereof, or for bodily injury to or death of any persons (including but not limited to employees, subcontractors, agents, and invitee of each party hereto) arising out of or in any way connected with the work to be performed under this agreement (including, but not limited to composting operations, distribution and marketing of the end product, and use of the end product by customers), except and only to the extent where caused by the active negligence, sole negligence, or willful misconduct of WWTP.

Section - 14 - Insurance. Contractor shall procure and maintain for the duration of this agreement and thereafter as specified in Exhibit "B" incorporated herein by reference, liability insurance naming the WWTP as an additional insured under Contractor's policies for the scope of work performed pursuant to this agreement, all on the terms set forth in Exhibit "B".

Section 15 - Successors and Assigns. Contractor has the right to assign this agreement upon written notice to the WWTP.

Section 16 - Notice. Any notice, payment, or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or on deposit in the United State mail, returned receipt requested, postage prepaid, and addressed as follows:

WWTP:	WWTP Manager City of Guadalupe	CONTRACTOR:	Engel & Gray Inc. P.O. Box 5020 Santa Maria, Ca., 93456-5020

Section 17 - Claims & Disputes. This agreement shall be governed and construed in accordance with the laws of the State of California. Should litigation be filed concerning this agreement, such litigation shall be filed and heard in a court of competent jurisdiction for the County of Santa Barbara Northern Division, State of California.

Section 18 - Integration Clause. No claim or right arising out of a breach of this agreement can be discharged in whole or in part or by a waiver unless the waiver is supported by consideration and is in writing signed by the aggrieved party. This agreement and any attached exhibits contain the entire agreement of the parties and any prior oral or written understandings or representations not incorporated herein are superseded by this agreement.

Section 19 - No Waiver. No failure or delay by either party in asserting their rights or remedies hereunder as to any default shall operate as a waiver of the default, of any subsequent or other default, or any rights or remedies. No such delay shall deprive the parties of their right to institute and maintain any action or proceeding which may be necessary to protect, assert, or enforce any rights or remedies arising out of this agreement or the performance thereof.

Section 20 - Partial Invalidity. If any term, covenant, or condition of this agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions herein shall remain in full force and effect and shall not be affected, impaired, or invalidated thereby.

Section 21 - Recitals. The foregoing recitals are incorporated herein as if fully set forth.

Section 22 - Authority. The individuals executing this agreement on behalf of the respective parties represent and warrant that they have the requisite authority to take such action.

Section 23 - Drafting. The provisions of this agreement shall be construed in accordance with the fair meaning of the language and shall not be construed against the drafting party.

Section 24 - Proposal. A copy of Contractor's July 24, 2013 proposal is attached as Exhibit "C" and is incorporated herein by reference. In the event of any conflict between the requirements of Exhibit "C" versus this agreement, the requirements of this agreement shall govern.

Section 25 - Cancellation of Prior Contract. No prior contract.

BY SIGNING HEREUNDER, Contractor acknowledges that he has reviewed all of the foregoing provisions of the agreement and agrees with the terms, requirements, and conditions contained herein.

The parties have executed this agreement on the day and year first set forth above.

City of Guadalupe WWTP

_____
City Signature

_____
City Name & Title

ENGEL & GRAY INC.

_____

Robert Engel

EXHIBIT "B"
INSURANCE COVERAGES

Without limiting the Contractor's indemnification of the WWTP, the Contractor shall provide and maintain at its own expense, during the term of this Agreement, the following insurance coverage's and provisions:

A. Evidence of Coverage

Prior to commencement of this Agreement, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate.

This verification of coverage shall be sent to the WWTP. The Contractor shall not proceed with the work under the Agreement until it has obtained all insurance required and a Certificate of Insurance certifying that coverage has been supplied to the WWTP.

B. Qualifying Insurers

All coverages, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than B- VI, according to the current Best's Key Rating Guide.

C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified insurance requirements without 30 days' prior written notice of such cancellation or change being delivered

D. Insurance Required

1. Commercial General Liability Insurance - for bodily injury (including death) and property damage which provides limits as follows:
    a. Each occurrence - $1,000,000
    b. General aggregate - $2,000,000
    c. Personal Injury - $1,000,000
2. General liability coverage shall include:
    a. Premises and Operations
    b. Personal Injury liability

3. General liability coverage shall include the following endorsement, a copy of which shall be provided:

    a. Additional Insured Endorsement

4. Automobile Liability Insurance For bodily injury (including death) and property damage which provides total limits of not less than one million dollars ($1,000,000) combined single limit per occurrence applicable to owned, non-owned and hired vehicles.

5. Workers' Compensation and Employer's Liability Insurance

    a. Statutory California Workers' Compensation coverage including broad form all-states coverage.

    b. Employer's Liability coverage for not less than one million dollars ($1,000,000) per occurrence.

AGENDA ITEM NO. 11a.

REPORT TO THE SUCCESSOR AGENCY OF THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY
Agenda of October 10, 2017

Prepared by:
Annette Munoz
City of Guadalupe – Finance Director

SUBJECT:

Consideration of Successor Agency Resolution No. 2017-06 Authorizing a Preliminary and Final Official Statement and a Bond Purchase Agreement and Authorizing Certain Actions Relating thereto

RECOMMENDATION:

Staff recommends that the Successor Agency consider and approve SA Resolution No. 2017-06, approving the Preliminary Official Statement in the form on file with the Secretary, and the Bond Purchase Agreement in the form on file with the Secretary, and authorizing related actions including the preparation of a Final Official Statement in connection with the issuance of the 2017 Taxable Tax Allocation Refunding Bonds by the Successor Agency.

BACKGROUND:

On August 14, 2017, the Successor Agency authorized the issuance of its 2017 Taxable Tax Allocation Refunding Bonds (the "2017 Bonds") to refund the outstanding 2003 Tax Allocation Refunding Bonds (the "2003 Bonds") issued by the Guadalupe Community Redevelopment Agency (the "Prior Agency").

Due to the dissolution of redevelopment agencies, the Guadalupe Successor Agency (the "Agency") now has responsibility for repayment of the 2003 Bonds. Per AB 1484, the Agency may refund existing bonds, with approval of the Agency's Oversight Board (the "Oversight Board") and the State Department of Finance, for the purpose of generating a debt service savings. The issuance of the 2017 Bonds will generate a debt service savings in the (estimated) amount of $696,000.

On August 16, 2017, the Oversight Board approved the issuance of the 2017 Bonds by the Successor Agency. On August 22, 2017, the related Successor Agency and Oversight Board resolutions and draft bond issuance documents were sent to the State Department of Finance ("DOF") for review. DOF is allowed 65 days to review such documents, and it is anticipated that DOF will provide its approval of the issuance of the 2017 Bonds by October 27th.

Documents

The Preliminary Official Statement is the marketing document that the Underwriter will use to sell the bonds to individuals and/or institutions, and contains information about the Agency, the City, and the tax revenues available to repay the 2017 Bonds. Once the 2017 Bonds are priced in the bond market, a Final Official Statement will be prepared with the final interest rates and terms of the bonds.

The Bond Purchase Agreement defines the terms and conditions under which the Underwriter will purchase the 2017 Bonds from the Successor Agency.

FISCAL IMPACT:

The repayment of principal and interest on the 2017 Bonds will be payable solely from Pledged Tax Revenues, which is tax increment revenues from the Guadalupe Redevelopment Project deposited into the Agency's Redevelopment Property Tax Trust Fund ("RPTTF"), and available after satisfying certain administrative costs of the County and pass through obligations to affected taxing entities.

The proposed 2017 Bonds would not be a debt of the City's general fund or the State, or any of its political subdivisions (except the Agency). All costs of issuance for the 2017 Bonds will be payable from the proceeds of the bonds at bond closing, and the estimated total debt service savings amount of $696,000 is net of all such costs of issuance.

Attachment: Successor Agency Resolution No. 2017-06

SUCCESSOR AGENCY RESOLUTION NO. 2017-06

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING A PRELIMINARY AND FINAL OFFICIAL STATEMENT AND A BOND PURCHASE AGREEMENT AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO

WHEREAS, the Guadalupe Community Redevelopment Agency (the "Predecessor Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Health and Safety Code"), and the powers of the Predecessor Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Predecessor Agency previously issued its $6,455,000 principal amount of Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Tax Allocation Bonds, Series 2003 (the "Refunded Bonds") for the purpose of funding certain redevelopment projects of the Predecessor Agency; and

WHEREAS, on August 14, 2017, pursuant to Resolution No. 2017-05 (the "Authorizing Resolution"), the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency") authorized the issuance of its Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the "Bonds") to achieve debt service savings by refunding the Refunded Bonds; and

WHEREAS, in furtherance of the Authorizing Resolution, the Successor Agency now desires to approve a Preliminary Official Statement and a Bond Purchase Agreement in connection with the sale, issuance and delivery of the Bonds;

NOW THEREFORE, the Board of Directors (the "Board") of the Successor Agency resolves, determines and orders as follows:

Section 1. Findings. The Board hereby finds and determines that the recitals hereto are true and correct.

Section 2. Preliminary Official Statement. The Board hereby approves the Preliminary Official Statement substantially in the form on file with the Secretary, a copy of which has been made available to the Board, with such changes therein as any of the Executive Director of the Successor Agency, the Finance Director, the Chair of the Successor Agency or their respective designees (each an "Authorized Representative") may determine necessary, to be furnished to the underwriter for the Bonds. The Board authorizes any Authorized Representative to deem the Preliminary Official Statement to be final within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12, subject to completion of those items permitted by such Rule. Any Authorized Representative is hereby authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and approved by an Authorized Representative, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Bond Purchase Agreement. The Bond Purchase Agreement, in substantially the form on file with the Secretary, a copy of which has been made available to the Board, is hereby approved. Any Authorized Representative is hereby authorized to execute and deliver the Bond Purchase

Agreement in substantially the form on file, with such revisions, amendments and completions as shall be approved by an Authorized Representative, such approval to be conclusively evidenced by the execution and delivery thereof. The total principal amount of Bonds shall not exceed $5,250,000 and the Underwriter's discount or fee (excluding any original issue discount) shall not exceed 1.50% of the original principal amount of the Bonds.

Section 4. General Authorization. Each Authorized Representative and any other officer of the Successor Agency is hereby authorized to execute and deliver any and all agreements, documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable in connection with the delivery of the Preliminary Official Statement and the final Official Statement and the Bond Purchase Agreement and for carrying out the transactions contemplated by this Resolution and the Authorizing Resolution. Such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

Section 5. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Section 7. Certification. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 10th day of October 2017.

AYES: BOARD MEMBER:

NOES: BOARD MEMBER:

ABSENT: BOARD MEMBER:

John Lizalde, Chairman

Attest:

Joice Earleen Raguz, Agency Secretary

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUE—BOOK-ENTRY

RATING:
S&P: "___"
See "Rating" herein

In the opinion of Norton Rose Fulbright US LLP, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California. The Successor Agency has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to Section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.

$_____*

Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable)

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

The $_____* aggregate principal amount of Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the "Bonds") are being issued by the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency") pursuant to an Indenture, dated as of _____, 2017 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are being issued to (i) redeem and defease the $6,455,000 Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Tax Allocation Refunding Bonds, Series 2003 (the "Refunded Bonds"), currently outstanding in the aggregate principal amount of $4,840,000; (ii) fund the Reserve Fund, and (iii) pay costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Principal on the Bonds is due annually on _____ 1 of each year, commencing _____ 1, 20__, and interest on the Bonds is due semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 2018, payable by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS—Book-Entry System" herein.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption" herein.

The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues, and other funds as provided in the Indenture. The Bonds, interest and premium, if any, thereon are not a debt of the City of Guadalupe (the "City"), the County of Santa Barbara (the "County"), the State of California (the "State") or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State nor any of its political subdivisions (except the Successor Agency) is liable thereon.

The successor Agency has applied for a policy of municipal bond insurance and reserve surety. The terms of any such insurance or reserve surety, if either is obtained, will be disclosed in the final Official Statement.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel and by Casso & Sparks, LLP, City of Industry, California, as Counsel to the Successor Agency.. Certain legal matters will be passed on for the Underwriter by _____, _____, _____, as Underwriter's Counsel. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about _____, 2017.

STIFEL

Dated: _____, 2017

* Preliminary, subject to change.

MATURITY SCHEDULE

$_____*

Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable)

Maturity Date (_____ 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base)

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Successor Agency, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY

BOARD OF DIRECTORS

John Lizalde, *Chair*
Ariston Julian, *Vice Chair*
Virginia Ponce, *Member*
Tony Ramirez, *Member*
Gina Rubalcaba, *Member*

SUCCESSOR AGENCY/CITY STAFF

Cruz Ramos, *Executive Director/City Administrator*
Annette Munoz, *Finance Director*
Joice Earleen Raguz, *Secretary/City Clerk*

SPECIAL SERVICES

Municipal Advisor and Fiscal Consultant

Urban Futures, Inc.
Tustin, California

Bond and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Counsel to the Successor Agency

Casso & Sparks, LLP
City of Industry, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

_____
_____, _____

[insert map]

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from the Successor Agency and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the Successor Agency, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Successor Agency or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or in any other information contained herein, since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website.

The City of Guadalupe maintains a website with information pertaining to the Successor Agency. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

OFFICIAL STATEMENT

$_____*
Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable)

INTRODUCTION

This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including *the cover page and attached appendices. The offering of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined herein can be found in APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."*

General

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of $_____* aggregate principal amount of Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the "Bonds") that are being issued by the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency").

Authority for Issuance "

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Bond Law") and the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Redevelopment Law") and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code (the "Dissolution Act"). The Bonds are also being issued pursuant to an Indenture, dated as of _____, 2017 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2017-05 adopted on August 14, 2017 (the "Resolution") and by the Oversight Board of the Successor Agency pursuant to Resolution No. 2017-05, adopted on August 16, 2017 (the "Oversight Board Resolution"). The California Department of Finance (the "Department of Finance") provided a letter to the Successor Agency dated _____, 2017 stating that based on the Department of Finance's review and application of the law, the Oversight Board Resolution approving the Bonds is approved.

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

* Preliminary, subject to change.

Purpose and Application of Proceeds

The Bonds are being issued to (i) redeem and defease the $6,455,000 Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2003 (the "Refunded Bonds"), currently outstanding in the aggregate principal amount of $4,840,000; (ii) fund the Reserve Fund, and (iii) pay costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING." Other than the Refunded Bonds, the Successor Agency has no other bonds outstanding.

The City and the Successor Agency

The City was incorporated on August 3, 1946, as a general law city which provides for a Council-Administrator form of government. The City encompasses an area of approximately 800 acres located in the northwestern corner of the County of Santa Barbara (the "County") and has a population of approximately 7,348. The City is located at the western end of the Santa Maria Valley (the "Santa Maria Valley") which is the alluvial plain of the Santa Maria River. The topography of the City is virtually flat. There is a difference of only a few feet between the highest and lowest points in the City. For certain information with respect to the City, see APPENDIX G – "SUPPLEMENTAL INFORMATION – CITY OF GUADALUPE."

The Guadalupe Community Redevelopment Agency (the "Predecessor Agency") was established pursuant to the Redevelopment Law by the City Council on July 23, 1985. On June 29, 2011, Assembly Bill No. 26 ("AB x1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB x1 27"). 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 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 Predecessor 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 winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107"), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the "Dissolution Act").

The Predecessor Agency was activated by the City Council of the City with the adoption of Ordinance No. [85-246] on July 23, 1985. Under the provisions of ABx1 26, the City became the Successor Agency to the Predecessor Agency for the purpose of paying certain enforceable obligations, including the Refunded Bonds, and winding up the affairs of the Predecessor Agency pursuant to ABx1 26. Subdivision (g) of Section 34173 of the Health and Safety Code of the State of California (the "Health and Safety Code"), 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 Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

The Redevelopment Plan

The Guadalupe Redevelopment Project Area (the "Project Area") was formally established with the adoption by the City Council of a redevelopment plan for the Project Area (the "Redevelopment Plan") by Ordinance No. 85-263 enacted by the City Council on December 19, 1985. The Project Area encompasses approximately 850 acres constituting the majority of the City. The Redevelopment Plan, as set forth under the terms of the Redevelopment Law, provided for the termination of the Redevelopment Plan activities on December 19, 2025. The Redevelopment Plan was amended by Ordinance No. 2007-388, adopted on November 13, 2007, which eliminated the time limit to incur debt and by Ordinance No. 09-[398], which was adopted on ____, 2009, which increased the annual tax increment limit. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Predecessor Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area.

Security and Sources of Payment for the Bonds

The Dissolution Act authorizes the issuance of refunding bonds, including the Bonds, to be secured by a pledge of, and lien on, the pledged Tax Revenues created by the Indenture. The Dissolution Act 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 for the Successor Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund"), and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 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.

The Dissolution Act further provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor 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 provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule."

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent they constitute Pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the Santa Barbara County Auditor-Controller (the "County Auditor-Controller") to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule." Monies deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Revenue Fund established under the Indenture and administered by the Trustee in accordance with the Indenture

[The Successor Agency has applied for a policy of municipal bond insurance and reserve surety. The terms of any such insurance or reserve surety, if either is obtained, will be disclosed in the final Official Statement.]

Special Obligations

The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues, and other funds as provided in the Indenture. The Bonds, interest and premium, if any, thereon are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable thereon.

Reserve Fund

To secure the payment of the principal of and interest on the Bonds a Reserve Fund is established in the Indenture in an amount equal to the Reserve Requirement. "Reserve Requirement" means, for the Bonds, as of each calculation date, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding Bonds, (ii) 10% of the initial offering price to the public of the Bonds, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the Bonds.

Further Information

Descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Successor Agency, the Predecessor Agency, the City, the County Auditor-Controller and the Department of Finance are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Constitution and the laws of the State or the proceedings of the Predecessor Agency, the Successor Agency, the City, the County Auditor-Controller and the Department of Finance are qualified in their entirety by reference to such documents and laws. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Successor Agency.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds, together with other available funds, will be deposited into an escrow fund (the "Escrow Fund") held under an Escrow Deposit Agreements, dated as of ____ 1, 2017 (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow agent (the "Escrow Bank"), and applied to redeem and defease the Refunded Bonds. Amounts so deposited will be invested in defeasance securities or held uninvested in cash by the Escrow Agent and will be sufficient to redeem on _____, 2017* (the "Redemption Date") the Refunded Bonds at a redemption price equal to the principal amount of the Refunded Bonds to be redeemed (the "Redemption Price") on the Redemption Date, plus accrued and unpaid interest to the Redemption Date.

* Preliminary, subject to change.

The Refunded Bonds are more fully identified in the table below.

Refunded Bonds*

Maturity Date (September 1)	Principal Amount	Interest Rate	CUSIP (Base: 400577)
2018	$ 170,000	4.000%	BP6
2027	1,970,000	5.125%	BY7
2035	2,700,000	5.125	CG5

_____, as verification agent (the "Verification Agent"), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the Successor Agency, relating to the sufficiency of moneys deposited into the Escrow Fund to provide for the redemption of the Refunded Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report. See "VERIFICATION OF MATHEMATICAL ACCURACY."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows.

Sources:	
Principal Amount of Bonds	$
Net Premium/Discount	
Other Available Funds	
Total Sources	$
Uses:	
Escrow Fund	$
Costs of Issuance Fund[(1)]	
Total Uses	$

(1) Costs of Issuance include Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Verification Agent, Escrow Agents and Trustee, bond insurance and surety premiums, if any, rating fee and other costs related to the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Bonds, assuming no optional redemptions.

Bond Year Ending (October 1)	Principal	Interest	Total
2018	$	$	$
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
TOTAL			

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THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law, the Bond Law, and the Dissolution Act. The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2017-05 adopted on August 14, 2017 (the "Resolution") and by the Oversight Board for the Successor Agency pursuant to Resolution No. 2017-05, adopted on August 15, 2017 (the "Oversight Board Resolution").

Written notice of the Oversight Board Resolution was provided to the Department of Finance, pursuant to the Dissolution Act, on August 22, 2017. On _____, 2017, the Department of Finance provided a letter to the Successor Agency stating that based on the Department of Finance's review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the Department of Finance. See APPENDIX F – "STATE DEPARTMENT OF FINANCE APPROVAL LETTER."

Description of the Bonds

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of $5,000 and any integral multiple thereof (each an "Authorized Denomination") for each maturity of Bonds, initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner. The Bonds will be dated the date of their delivery (the "Delivery Date") and mature on _____ 1 in the years and in the amounts shown on the inside cover pages of this Official Statement. Interest on the Bonds will be payable on each _____ 1 and _____ 1, commencing _____, 2018 (each an "Interest Payment Date") to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least $1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid only upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. "Record Date" in respect of any Interest Payment Date means the fifteenth calendar day of the month preceding such Interest Payment Date whether or not such day is a Business Day.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C – "BOOK-ENTRY SYSTEM."

Redemption*

Optional Redemption. The Bonds maturing on or before October 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on and after October 1, 20__ are subject to redemption prior to maturity in whole, or in part among maturities as determined by the Successor Agency on any date on or after October 1, 20__, from any available source of funds, at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the redemption date.

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

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

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate.

Notice of Redemption. The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; however, such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither the Successor Agency nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Successor Agency nor the Trustee shall be liable for any inaccuracy in such numbers.

Rescission of Redemption Notice. Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the Successor Agency and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice

* Preliminary, subject to change.

of such redemption was given pursuant to the Indenture, but in no event later than the date set for redemption.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB x1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules.

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 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 a 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 such Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the applicable Project Area are to be divided as follows:

(a) *To Taxing Agencies*: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the applicable project area (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 Predecessor Agency/Successor Agency*: Except for that portion of the taxes in excess of the amount identified in (a) above that is 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 following the Delivery Date, when collected will be paid into a special

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Background

Prior to the enactment of the Dissolution Act, 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 dropped below the base year level, the taxing agencies receiving property taxes thereafter would receive only that portion of the taxes produced by applying then current tax rates to the base year valuation; the redevelopment agency was allocated the remaining portion of property taxes (i.e., the portion measured by applying then current tax rates to the increase in valuation over the base year valuation). Such "incremental tax revenues" allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Refunded Bonds.

The Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB x1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules.

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 tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 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.

Security and Sources of Payment for the Bonds

The Bonds shall be equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund or by the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and in the Reserve Fund to the Trustee for the benefit of the applicable Owners of the Outstanding Bonds. The principal of and interest or redemption premium (if any) on the Bonds shall be payable from Pledged Tax Revenues. In addition, pursuant to Health and Safety Code section 34177.5(g), the Bonds shall be specifically secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Under the Health and Safety Code the County administrative fee is not deposited into the Redevelopment Property Tax Trust Fund.

"Pledged Tax Revenues" means (a) means that portion of taxes levied (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of business inventory tax or other exemptions and tax rate limitations) upon taxable property in the Redevelopment Project Area which is allocated to and paid into a special fund of the Successor Agency pursuant to Article 6 of Chapter 6 of the Health and Safety Code, Section 16 of Article XVI of the Constitution of the State and the Redevelopment Plan, as such portion of taxes may be modified by deductions and limitations imposed pursuant to the Health and Safety Code (including Section 33333.4 thereof), (b) investment earnings, and (c) reimbursements, subventions, including payments to the Successor Agency with respect to personal property generated from property located within the Redevelopment Project Area pursuant to Section 16110, *et seq.*, of the Government Code of the State of California, or other payments made by the State to the Successor Agency with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes. Pledged Tax Revenues shall not include amounts payable by the Successor Agency under agreements heretofore entered into pursuant to Section 33401 of the Health and Safety Code, as such Section authorized such agreements prior to January 1, 1995, unless such agreements have been made subordinate to the Bonds. See "- Pass-Through Agreements" below.

Except for the Pledged Tax Revenues and moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and the Reserve Fund (and all Accounts therein), no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Notwithstanding anything in the Indenture to the contrary, however, if Pledged Tax Revenues are insufficient for the deposits required under the Indenture or the payment of the principal of and interest or redemption premium (if any) on the Bonds, the Successor Agency may, but shall not be obligated, to make such deposits or pay such principal of and interest or redemption premium (if any) on the Bonds from other legally available funds.

The Indenture will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners, and the covenants and agreements therein set forth to be performed on behalf of the Successor Agency and the Trustee are for the equal and proportionate benefit, security and protection of all Owners without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture. Other than the Refunded Bonds, the Successor Agency has no other bonds outstanding.

No Priority; No Additional Parity Bonds; Refunding Bonds; Other Obligations

The Successor Agency covenants that it will not issue any Obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues on a parity with or superior to the lien under the Indenture for the Bonds; provided, that the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Outstanding Bonds, if (a) annual debt service on such refunding bonds is lower than annual debt service on the Bonds or any other outstanding bonds of the Successor Agency, including the Senior Bonds, being refunded during every year the Bonds or such other outstanding bonds of the Successor Agency, as applicable, will be outstanding, (b) the debt service payment dates with respect to such refunding bonds are the same as for the Bonds and (c) the final maturity of any such refunding bonds is not shorter than the final maturity of the bonds being refunded.

Recognized Obligation Payment Schedules

By February 1st of each year, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the Predecessor 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 a low and moderate income housing fund.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) bond proceeds, (ii) reserve balances, (iii) administrative cost allowance, (iv) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (v) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Predecessor Agency, as approved by the Oversight Board). A reserve may be included on the Recognized Obligation Payment Schedule and held by a successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period.

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

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

The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Health and Safety Code to include debt service on the Bonds on the applicable Recognized Obligation Payment Schedule.

Revenue Fund; Reserve Fund

There are established under the Indenture special trust funds known as the "Revenue Fund" and the "Reserve Fund," which Funds will be held by the Trustee in trust for the Owners. The Trustee will send the Successor Agency on each May 1 and September 1 a Written Request specifying the amount of Pledged Tax Revenues required to be deposited in the Revenue Fund and/or the Reserve Fund, as applicable, including any amounts required to replenish the Reserve Fund to the full amount of the Reserve Requirement or reimburse for draws on any reserve surety for the Bonds. The Successor Agency will remit the amount requested pursuant to such Written Request to the Trustee within two (2) Business Days of receipt of distributions of Pledged Tax Revenues on January 2 and June 1 of each year.

Under the Indenture there are also created separate Accounts within the Revenue Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account. Upon receiving Pledged Tax Revenues from the Successor Agency, the Trustee shall deposit all amounts received into the Revenue Fund or the Reserve Fund, as applicable, until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year (i) for deposit into the Interest Account, the Principal Account and the Redemption Account of the Revenue Fund and (ii) for deposit into the Reserve Fund, if necessary. Such deposits shall be in the following order of priority:

First *Interest Account.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Second *Principal Account*. On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds on the upcoming Principal Payment Date. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments on the Outstanding Bonds as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the Sinking Account to redeem Bonds pursuant to the Indenture.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third *Reserve Fund*. Subject to the Indenture, all money in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the related Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such Accounts or (ii) for the retirement of all the Bonds then Outstanding. Any amount in the Reserve Fund in excess of the Reserve Requirement for the Bonds shall be withdrawn from the Reserve Fund on or before the Interest Payment Date by the Trustee and deposited in the Interest Account. All amounts in any Account in the Reserve Fund five (5) Business Days before the final Interest Payment Date shall be withdrawn therefrom by the Trustee and transferred either (i) to the Interest Account and then Principal Account and the Sinking Account (and subaccounts therein, as the case may be), to the extent required to make the deposits then required to be made under the Indenture, or (ii) if sufficient deposits have been made under the Indenture, then, as directed by the Successor Agency in any manner permitted by law pursuant to a Written Request of the Successor Agency.

[The Reserve Requirement may be satisfied by crediting to the Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the applicable Reserve Requirement. Upon deposit of such Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the Reserve Fund in excess of the Reserve Requirement into a segregated account of the Bond Fund, which monies shall be applied upon written direction of the Successor Agency either (i) to the payment within one year of the date of transfer of capital expenditures of the Successor Agency permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall be held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; *provided, however*, that the Successor Agency may by written direction to the Trustee cause an alternative use of such amounts if the Successor Agency shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103

of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In any case where the Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Successor Agency shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in the Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon, the Successor Agency shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection.]

The Trustee will value the balance in the Reserve Fund on each _____. If the balance in an Account in the Reserve Fund is less than the Reserve Requirement, the Trustee shall indicate the amount of such deficiency in a Written Request to the Successor Agency. Upon receipt of such Written Request, the Successor Agency shall immediately take all necessary action to cure such deficiency in such Account, including using best efforts to place the amount of such deficiency on a Recognized Obligation Payment Schedule. No transfers or deposits need be made to the Reserve Fund so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

Fourth *Redemption Account.* The Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Bonds (other than Bonds redeemed from sinking account payments) to be redeemed on such date. Subject to the Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Bonds to be redeemed on the date set for such redemption.

A Surplus Fund is established under the Indenture. Following the deposits described above, the Trustee will deposit any remaining Pledged Tax Revenues into the Surplus Fund. Following such deposit, the Trustee will transfer any Pledged Tax Revenues to the Successor Agency for the payment of any enforceable obligations of the Successor Agency, or, if no such payment is required, such amounts shall be distributed in accordance with the Dissolution Act and other applicable law as directed in writing by the Successor Agency.

Elimination of Housing Set-Aside

Pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, redevelopment agencies were required to set aside not less than twenty percent of all tax increment revenues allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized housing purposes. Amounts on deposit in the low- and moderate-income housing fund could be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to finance low- and moderate-income housing projects.

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. The Bonds are payable from amounts of tax increment revenue that prior to the Dissolution Act were required to be set aside for low and moderate income housing.

Santa Barbara County Auditor-Controller

The County Auditor-Controller is responsible for establishing County fiscal and internal control policies and procedures; administering the County payroll; conducting audits and fraud investigations; monitoring social services contracts; performing mandated property tax functions; disbursing warrants to vendors, child support recipients, judgment and damages to claimants; and managing the County's enterprise financial and payroll systems.

The Dissolution Act assigns county auditors numerous responsibilities, including the responsibility to deposit tax increment revenues attributable to each successor agency into a Redevelopment Property Tax Trust Fund held in the county treasury in the name of each successor agency. Pursuant to the Dissolution Act, county auditors disburse funds from each Redevelopment Property Tax Trust Fund twice annually, on January 2 and June 1. Such amounts include payments to affected taxing entities, payments that are required to be paid from tax increment as approved on a Recognized Obligation Payment Schedule, and various administrative fees and allowances. Remaining Redevelopment Property Tax Trust Fund balances are distributed to affected taxing entities under a prescribed method that accounts for pass-through payments. County auditors are also responsible for distributing other moneys received from successor agencies (from sale of assets etc.) to the affected taxing entities.

Certain Covenants of the Successor Agency

As long as the Bonds are outstanding, the Successor Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued under the Indenture, including the following covenants and agreements for the benefit of the Owners which are necessary, convenient, and desirable to secure the Bonds:

Compliance with Health and Safety Code. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code.

Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Health and Safety Code, by each February 1, commencing on _____ 1, 2018 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Successor Agency shall prepare and submit an Oversight Board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the County Auditor-Controller, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor Agency are listed, including debt service with respect to the Bonds. Such Recognized Obligation Payment Schedule shall include all scheduled interest and principal payments on the Bonds that are due and payable on ____ 1 and ____ 1 of the Bond Year ending on October 1 of the next ensuing calendar year, together with any amount required to replenish the Reserve Fund.

Punctual Payment. The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Health and Safety Code to include debt service on the Bonds on the applicable Recognized Obligation Payment Schedule, including any amounts required to replenish either Account within the Reserve Fund to the full amount of the Reserve Requirement.

No Priority; No Additional Parity Bonds; Refunding Bonds; Other Obligations. The Successor covenants that it will not issue any parity obligations, other than refunding bonds. See "THE BONDS – No Priority; No Additional Parity Bonds; Refunding Bonds; Other Obligations."

Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants that the proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture and that it will manage and operate all properties owned by it comprising any part of the Project Area in a sound and proper manner and in accordance with applicable law.

Payment of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in any Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Books and Accounts; Financial Statements. The Successor Agency covenants that it will at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within two hundred seventy (270) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. Upon written request, the Successor Agency shall, as soon practicable, furnish a copy of each audit to any Owner.

Protection of Security and Rights of Owners. The Successor Agency covenants to preserve and protect the security of the Bonds and the rights of the Owners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Pledged Tax Revenues pledged under the Indenture cannot be used to pay debt service on the Bonds or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the senior lien position of the Bonds to the Statutory Pass-Through Amounts that have been subordinated to the payment of debt service on the Bonds.

Continuing Disclosure. The Successor Agency covenants that it will comply with and carry out all of the provisions of its Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure by the Successor Agency to comply with its Continuing Disclosure Agreement shall not be considered an Event of Default; however, any participating underwriter, Owner or beneficial owner of any Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Statutory Pass-Throughs

The Redevelopment Plan was established by the approval of Ordinance No. 85-263 on December 19, 1985. The Predecessor Agency amended the Redevelopment Plan on November 13, 2007 pursuant to Ordinance No. 2007-388. As a result of such amendment, the Successor Agency is required to make

payments (the "Statutory Pass-Through Payments") under Section 34183(a)(1) of the Health and Safety Code (the "Tax Sharing Statute"). Payments pursuant to the Tax Sharing Statute are inapplicable if the Successor Agency and an affected taxing entity have a tax sharing agreement which governs tax sharing in connection with an amendment. The Successor Agency has not entered into any such tax sharing agreements.

The Tax Sharing Statute set forth a requirement for payments of tax increment revenues to be made in prescribed amounts to taxing entities in the event certain amendments are made to a project area, such as amendments to a redevelopment plan to extend the time during which a redevelopment agency may incur debt with respect to a project area. Similar provisions apply to amendments that add territory to a project area, amendments to increase the number of dollars which may be allocated to a redevelopment agency, or amendments which extend the time during which a redevelopment plan is effective where the redevelopment plan being amended contains the provisions required by subdivision (b) of Section 33670 of the Health and Safety Code. In general, the amounts to be paid pursuant to Tax Sharing Statute are as follows:

(a) commencing in the first fiscal year after territory is added or one or more of the limitations has been reached, as applicable, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the low and moderate income housing fund has been deducted;

(b) in addition to amounts payable as described in (a) above, commencing in the 11th fiscal year after territory is added or the limitation has been reached, as applicable, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding (10th) fiscal year that the limitation had been reached, after the amount required to be deposited in the low and moderate income housing fund has been deducted; and

(c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31st fiscal year after territory is added or the limitation has been reached, as applicable, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding (30th) fiscal year that the limitation had been reached, after the amount required to be deposited in the low and moderate income housing fund has been deducted.

The Dissolution Act eliminated the requirement under the Redevelopment Law that redevelopment agencies set aside not less than twenty percent of all tax increment revenues allocated to the redevelopment agencies from redevelopment projects in a low and moderate income housing fund to be expended only on authorized housing purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Elimination of Housing Set-Aside" herein. Notwithstanding the elimination of the low to moderate income housing set aside requirement, the Dissolution Act requires that the amount that would have been set aside for deposit in a low and moderate income housing fund prior to the enactment of the Dissolution Act must still be deducted when calculating the amount of Statutory Pass-Through Payments payable by successor agencies.

The Dissolution Act establishes procedures whereby the Successor Agency may make Statutory Pass-Through Payments subordinate to the payment of debt service on the Bonds. **The Successor Agency has not satisfied the requirements of the Dissolution Act to subordinate the Statutory Pass-Through Payments to the payment of debt service on the Bonds.**

The Dissolution Act also required that the calculation and payment of tax sharing amounts be taken over by the County Auditor-Controller. Since February, 2012, the tax sharing obligations outlined above have been administered by the County Auditor-Controller's office.

THE SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY

General

The Predecessor Agency was established by the City Council of the City with the adoption of Ordinance No. [85-246] on July 23, 1985 as a public body, corporate and politic, existing under and by virtue of 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. AB x1 26 provided for the dissolution of all redevelopment agencies, but also 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 Predecessor 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 Department of Finance conducted a review of the Successor Agency's documentation and issued its Finding of Completion on March 18, 2013.

The City Council, pursuant to Resolution No. 2012-08, adopted on _____, 20__, elected to serve as 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 from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

Members, Officers and Staff

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

Name and Office	Expiration of Term
John Lizalde, *Chair*	November 20__
Ariston Julian, *Member*	November 20__
Virginia Ponce, *Member*	November 20__
Tony Ramirez, *Member*	November 20__
Gina Rubalcaba, *Member*	November 20__

The professional staff of the Successor Agency presently consists of the following members:

Name	Title
Cruz Ramos	*Executive Director*
Annette Munoz	*Finance Director*
Joice Earleen Raguz	*Clerk*

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Predecessor 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 Predecessor 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 Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

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

Redevelopment Plan

Under the Redevelopment Law, the City Council was required to adopt, by ordinance, a redevelopment plan for each redevelopment project. A redevelopment agency may only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan was 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 Redevelopment Plan was approved by Ordinance No. 85-263 adopted by the City Council of the City on December 19, 1985 and amended by Ordinance No. 2007-388 adopted by the City Council on November 13, 2007, and by Ordinance 09-[398] adopted by the City Council on ____, 2009.

No Plan Limitations

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Predecessor Agency and the Successor Agency set forth in the

Redevelopment Plan are not effective for purposes of paying the Successor Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area.

Historical Tax Revenues for the Project Area

Between Fiscal Year 2013-14 and Fiscal Year 2017-18 the taxable value within the Project Area increased by $52,576,846 (26.2%). During this span, secured values grew by approximately $45.9 million (25.1%) and unsecured values grew by approximately $6.6 million (36.7%). Unsecured value gains were primarily related to _____. The following table provides a summary of the historical taxable valuation and resulting tax revenues in the Project Area for the years shown. This summary of historical assessed valuations and tax receipts is not intended to aid in the prediction of future Pledged Tax Revenues.

PROJECT AREA
ASSESSED VALUE HISTORY
(In Dollars)

	2013-14	2014-15	2015-16	2016-17	2017-18
Assessed Values					
Secured	$182,599,655	$191,784,467	$202,789,175	$212,798,400	$228,537,837
Unsecured	18,054,684	21,202,091	21,615,604	24,642,997	24,693,348
Total Assessed Value	$200,654,339	$212,986,558	$224,404,779	$237,441,397	$253,231,185
Less: Base Year Assessed Value	43,017,393	43,017,393	43,017,393	43,017,393	43,017,393
Incremental Assessed Value	$157,636,946	$169,969,165	$181,387,386	$194,424,004	$210,213,792
Tax Revenues					
Gross Tax Increment Revenue (1)	$1,627,489	$1,736,849	$1,864,709	$2,027,346	$2,102,138
Less: County Admin. Fees (1)	21,855	41,846	28,848	34,196	35,526
Less: Pass Through Pmts. (1)	215,203	241,817	271,971	325,860	344,639
Pledged Tax Revenues (1)	$1,390,431	$1,453,186	$1,563,890	1,667,290	1,721,973

(1) Projected amounts for Fiscal Year 2017-18, based on actual Fiscal Year 2017-18 Assessed Valuation.
Source: Urban Futures, Inc.

Historical Redevelopment Property Tax Trust Fund Revenues

The following table provides a summary of the Redevelopment Property Tax Trust Fund Revenues derived from the Project Area for the years shown.

PROJECT AREA
REDEVELOPMENT PROPERTY TAX TRUST FUND REVENUES

Fiscal Year	Recognized Obligation Payment Schedule ("ROPS") Filed	Property Tax (Redevelopment Property Tax Trust Fund)	County Administrative Distribution	Pass Through Payments	Available for Enforceable Obligations	Enforceable Obligations Approved by Department of Finance[1]	Residual Revenue for Distribution to Taxing Entities[2]

Source:
(1) Includes debt service payments on outstanding Refunded Bonds, Successor Agency administrative allowance and any other enforceable obligations.
(2) Residual Revenue amounts are net of any prior period adjustments.

Projected Pledged Tax Revenues for the Project Area

The following table provides a summary of the projected taxable valuation and resulting projected tax revenues in the Project Area for the fiscal years shown.

PROJECT AREA
PROJECTION OF INCREMENTAL VALUE
AND PLEDGED TAX REVENUES
(In Thousands)

Fiscal Year	Assessed Valuation[1]	Gross Tax Revenues[2]	County Administration Fees[3]	Pass Through Payments[4]	Projected Pledged Tax Revenues[5]
2017-18	$253,231,185	$2,102,138	$35,526	$344,639	$1,721,973
2018-19	258,295,809	2,152,784	36,382	360,001	1,756,401
2019-20	263,461,725	2,204,443	37,255	376,013	1,791,175
2020-21	268,730,959	2,257,136	38,146	392,701	1,826,289
2021-22	274,105,579	2,310,882	39,054	410,093	1,861,735
2022-23	279,587,690	2,365,703	39,980	428,218	1,897,505
2023-24	285,179,444	2,421,621	40,925	447,106	1,933,589
2024-25	290,883,033	2,478,656	41,889	466,789	1,969,978
2025-26	296,700,693	2,536,833	42,872	487,300	2,006,660
2026-27	302,634,707	2,596,173	43,875	508,673	2,043,625
2027-28	308,687,401	2,656,700	44,898	530,943	2,080,859
2028-29	314,861,150	2,718,438	45,942	554,147	2,118,349
2029-30	321,158,373	2,781,410	47,006	578,323	2,156,081
2030-31	327,581,540	2,845,641	48,091	603,512	2,194,038
2031-32	334,133,171	2,911,158	49,199	629,755	2,232,204
2032-33	340,815,834	2,977,984	50,328	657,095	2,270,561
2033-34	347,632,151	3,046,148	51,480	685,578	2,309,089
2034-35	354,584,794	3,115,674	52,655	715,251	2,347,768

Source: Urban Futures, Inc.

(1) Based on assumed 2% annual assessed valuation growth over actual Fiscal Year 17-18 assessed valuation.

(2) Gross Tax Revenues based on 1.00% tax rate applied to incremental assessed valuation (over base year assessed valuation of $43,017,393).

(3) County Administration Fees estimated at 1.69% of Gross Tax Revenues, based on historical administration fee amounts.

(4) Statutory pass through payments.

(5) Pledged Tax Revenues available for debt service on the Bonds.

Estimated Debt Service Coverage

The following table sets forth the estimated debt service coverage for the Bonds assuming no growth.

Estimated Debt Service Coverage for the Bonds*
Assuming No Growth
Fiscal Years 2017-18 through 2035-36
(In thousands)

Fiscal Year	Available Increment[1]	2017 Refunding Debt Service[2]	Coverage	Remaining Increment
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				

[1] Source: _____
[2] Debt Service Represented in Bond Years (October 1).
* Preliminary and Subject to Change.

Top Ten Taxable Property Owners in the Project Area

Within the Project Area, the aggregate total taxable value for the ten largest taxpayers is $73,607,977. This amount is 32.22% of the $228,470,375 secured assessed value for the Project Area. The top taxpayer in the Project Area is Apio Inc. that controls 6 secured parcels with a valuation of $30,908,377. The value of the Apio Inc. is 13.53% of the Project Area's total secured value. Apio Inc. is a year-round supplier of high-quality vegetables to the fresh-cut produce industry. Apio Inc. specializes in fresh-cut branded bag and tray sales and its produce is marketed through the Greenline® and Eat Smart® retail brands.

The second largest taxpayer within the Project Area is Bgv Olivera LLC that controls a total of $9,9654,665 in secured assessed value. This amount is 4.23% of the Project Area's secured assessed value. The top five largest taxpayers within the Project Area account for over 27% of the secured assessed value within the Project Area. The following table illustrates the percentage of secured assessed value for the top ten taxpayers in the Project Area and their relative importance to the secured assessed value of the Project Area.

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Set forth in the table below are the ten largest property taxpayers in the Project Area for the fiscal year 2017-18.

PROJECT AREA
Largest Local Secured Taxpayers/Property Owners
Fiscal Year 2017-18

	Property Owner	Taxable Secured Assessed Value	Primary Land Use	Percent of Secured Assessed Value[(1)]
1.	Apio Inc	$30,908,377	Industrial	13.53%
2.	Bgv Olivera LLC	9,654,665	Single Family Residential	4.23%
3.	Alvarez Jose Guadalupe Separate Property	9,449,764	Multi-Family Residential	4.14%
4.	Apio Cooling	7,529,000	Industrial	3.30%
5.	Waller Flowerseed Co	6,259,517	Commercial	2.74%
6.	Ruiz Joseph L Sr Separate Property Trust	2,892,056	Multi-Family Residential	1.27%
7.	Beachside Produce LLC	2,159,841	Industrial	0.95%
8.	De La Torre Juan	1,746,360	Single Family Residential	0.76%
9.	Alvarez Gustavo Revocable Trust	1,591,058	Commercial	0.70%
10.	Zepeda Family Trust	1,417,339	Industrial	0.62%
	Total	**$73,607,977**		**32.22%**

[(1)] Based on Fiscal Year 2017-18 secured assessed value of $228,470,375

Source: *Urban Futures, Inc.* with information from the Santa Barbara County 2017-18 Secured Property Tax Roll.

Land Uses Within the Project Area

Set forth in the table below are the land uses within the Project Area.

PROJECT AREA
Land Use Summary
Fiscal Year 2017-18

Land Use	Number of Parcels	Secured Assessed Valuation	Percent of Secured Assessed Value.[1]
Single Family Residential	1,052	$135,036,106	59.10%
Industrial	23	40,876,146	17.89%
Commercial	68	22,463,086	9.83%
Multi-Family Residential	106	19,445,765	8.51%
Vacant Industrial	24	5,360,854	2.35%
Vacant Commercial	26	2,267,394	0.99%
Vacant Residential	54	2,241,656	0.98%
Vacant Governmental/Institutional/Other	25	321,100	0.14%
Governmental/Institutional/Other	34	283,997	0.12%
Agricultural	3	174,271	0.08%
Recreational	3	0	0.00%
Totals	**1,418**	**$228,470,375**	**100.00%**

[1] Based on Fiscal Year 2017-18 secured assessed valuation of $228,470,375.

Source: Urban Futures, Inc. with information from the Santa Barbara County 2017-18 Secured Property Tax Roll.

Development Activities

Since January 1, 2017 within the Project Area, there have been 17 transfers of real property ownership where the sales price can be confirmed by the Fiscal Consultant. These transfers of ownership represent a combined increase of $2,357,600 in assessed value that is expected to be added to the tax rolls for 2018-19. New development continues to occur within the Project Area but no additional value has been included in the Fiscal Consultant's projections for new construction.

Assessment Appeals in the Project Area

There are presently appeals pending in the Project Area representing real property with a total assessed value of $8,946,391. The Santa Barbara County Assessment Appeals Board (the "Appeals Board") administers the assessment appeals process for the County. The table below provides a summary of the appeals that were filed from January 1, 2012 through September 21, 2017, as well as the appeals that are presently outstanding. Based on the actual valuation reductions allowed by the Appeals Board during the past five years, the Fiscal Consultant does not anticipate that the resolution of the presently pending appeals will result in any valuation reductions in the Project Area. See APPENDIX H – "FISCAL CONSULTANT'S REPORT.

PROJECT AREA
Historical Assessment Appeals Reviewed January 1, 2012 Through September 21, 2017

Number of Appeals Filed	Number of Successful Appeals	Assessed Value of Property	Owner's Opinion of Value	Total Requested Assessed Value Reduction	Reduction Allowed by Appeals Board	Allowed Reductions as % of Requested
6	0	$19,847,488	$11,934,000	$7,913,488	$0	0.00%

Outstanding Assessment Appeals

Roll Year Appealed	Number of Appeals Filed	Assessed Value of Property	Owner's Opinion of Value	Potential Loss of Assessed Value	Historical Success Rate	(Estimated) Assessed Value Reduction
2016	3	$1,665,762	$ 960,000	$ 705,762	0.00%	0
2017	2	7,280,629	4,369,000	2,911,629	0.00%	0

Source: *Urban Futures, Inc.* with data obtained from Santa Barbara County.

Residential Real Estate Values

In response to the down-turn in real estate values state-wide that generally began in fiscal year 2009-10, the Assessors throughout the State reviewed the values of residential parcels within their counties. In 1978, California voters passed Proposition 8. This constitutional amendment allows a temporary reduction in assessed value when a property suffers a "decline in value." A decline in value occurs when the current market value of a property is less than the current assessed value as of the lien date. Under the terms of Proposition 8, it is the Assessor's obligation to assess all properties at the lesser of current market value or at the property's base value as adjusted for inflation and for any changes that have occurred to the property since it was last purchased.

Properties that have their values reduced to the current market value are annually reviewed by the Assessor to determine the new market value of the property. The value that is enrolled each year is the lesser of the current market value or the property's base adjusted base value. Adjusting the property's value to the current market value may entail a further decrease in value or an increase in value that is not limited by constitutional restriction on annual value increases. Once the property has once again reached its adjusted base value, it may be increased in value only by the rate of inflation to a maximum annual rate of two percent as required by the Constitution. Residential properties make up approximately 82% of all parcels within the Project Area and account for approximately 68% of the secured value of all properties in the Project Area.

Most of the decline in residential value was the result of Proposition 8 revisions of value and a smaller portion of the decline is the result of foreclosures and resale of properties at amounts that were less than the assessed value. The residential market downturn created significant residential value losses within the Project Areas but have been recovering. Residential properties within the Project Areas are now at their highest historical value. Recovery of values reduced under Proposition 8 are partially responsible for the increases in value over the past three years but this value increase was augmented by the sale of homes at values much greater than the property's prior assessed values.

Based on information provided by the Assessor's Office, the Assessor recovered $539,828,799 in Proposition 8 value reductions within the tax rolls for Fiscal Year 2016-17 on a countywide basis. After a period of annual countywide Proposition 8 value reductions from Fiscal Year 2007-08 through Fiscal Year 2012-13, the Assessor has recovered Proposition 8 value reductions on a countywide basis every year since Fiscal Year 2013-14.

RISK FACTORS

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

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

Reduction in Taxable Value

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

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Pledged Tax Revenues available to pay principal and interest on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading "RISK FACTORS," the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the source of repayment and security of the Bonds.

Limited Powers and Resources

The Successor Agency was created pursuant to the Dissolution Act to wind down the affairs of the Predecessor Agency. The Successor Agency's powers are limited to those granted under the Dissolution Act. The Successor Agency does not have the power to levy property taxes nor does it have the power to participate in redevelopment activities, except as provided in the Dissolution Act. Many

actions by the Successor Agency are subject to the review or approval of the Oversight Board and the Department of Finance, and, in some cases, the State Controller.

Prior to the Dissolution Act, former redevelopment agencies had the ability to retain funds on hand, accumulated from prior years that were available for use to cover short-term cash flow deficits. In the event of a delay in the receipt of tax increment in any given year, the former redevelopment agency had the option to use such accumulated funds to make payments on bonds when due. Under the Dissolution Act, the Successor Agency, just like each successor agency formed under the Dissolution Act, is required to obtain prior approval from its Oversight Board, and the Department of Finance, in order to pay an enforceable obligation from a source of funds that is different than the one identified on the ROPS. Except for the Pledged Tax Revenues, the Successor Agency has no alternative resources available to make payments on enforceable obligations if there is a delay with respect to scheduled Redevelopment Property Tax Trust Fund disbursements or if the amount from Redevelopment Property Tax Trust Fund disbursements is not sufficient for the required payment of the enforceable obligations.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Project Area, the owners of property within such Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from the Project Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area could delay or impair the receipt of Pledged Tax Revenues by the Successor Agency.

Reduction in Inflationary Rate

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

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds. Any reduction in Pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. By February 1st of each year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency was to fail to file a Recognized Obligation Payment Schedule with respect to a period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

If a successor agency fails to submit to the 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 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 clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the 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 Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act 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 pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (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 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).

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 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 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 to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund as required under the Indenture.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event that the Successor Agency does not timely submit a Recognized Obligation Payment Schedule by the deadline specified in the Dissolution Act. 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 Department of Finance and the State Controller no later than each February 1, commencing February 1, 2016 with respect to each subsequent fiscal year. If the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity will have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds.

Future Implementation of 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., Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former

redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

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

Limitations on Remedies

The enforceability of the rights and remedies of the Holders of the Bonds and the Trustee and the obligations incurred by the Successor Agency may be subject to the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws generally affecting creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise of the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its government bodies in the interest of serving a significant and legitimate public purpose. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would likely not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Concentration of Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within Project Area is concentrated among a relatively small number of property owners. Ownership of property in Project Area has a relatively high concentration among the top ten property owners, with such top ten property owners accounting for 32.22% of the Fiscal Year 2017-18 secured assessed valuation. The largest taxpayer, Apio Inc., accounts for 13.53% of the total secured assessed value within the Project Area. Significant reduction in the secured assessed values of the top ten

property owners could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the Bonds as such payments become due and payable. See "THE PROJECT AREA –Top Ten Taxable Property Owners in the Project Area" herein.

Estimated Revenues

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

No Validation Proceeding Undertaken

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

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on October 21, 2015.

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

Assumptions and Projections

To estimate the Pledged Tax Revenues available to pay debt service on the Bonds, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than such assumptions, the Pledged Tax Revenues available to pay debt service on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur. Such forward-looking statements include, but are not limited to, certain statements contained in the information in "INTRODUCTION," "THE PROJECT AREA," and "TAX REVENUES."

Hazardous Substances

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

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

The Project Area is located in a seismically active region of Southern California. In the event of property damage caused by an earthquake, the assessed valuation of affected property could be reduced. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that

secure the Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and interest on the Bonds when due.

Changes in Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds and such an effect could be material.

Economic Risk

The Successor Agency's ability to make payment on the Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of Pledged Tax Revenues. Furthermore, general economic declines are likely to result in additional reductions of assessed values. In the event of decreased values, Pledged Tax Revenues may decline even if property owners make timely payment of property taxes.

Investment Risk

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

Secondary Market

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

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

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

other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, *ad valorem* taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (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. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property 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 which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be

deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. For fiscal year 2016-17, the County collection charges were [1.69]% of Gross Tax Revenue within the Project Area. Based on the historical collection charges, the Fiscal Consultant projected the charge for Fiscal Year 2017-18 and future years as a percentage of Gross Tax Revenue to remain at 1.69%. For purposes of these projections, the Fiscal Consultant assumed that the County will continue to charge the Agency for property tax administration and that such charge will increase proportionally with any increases in revenue.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts results from (i) plan amendments which add territory in existing Project Area 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 "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Statutory Pass-Through Amounts" 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 annually to prepare and approve, and submit to the Successor Agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable.

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive that 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 revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Article XIIIA of the State Constitution

Article XIIIA limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIIIB

Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIIIC and XIIID of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIIIC and XIIID to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also "– Propositions 218 and 26" below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Predecessor Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any

cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See "THE PROJECT AREA" for information regarding the assessed valuations of the largest taxpayers within the Project Area.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The Successor Agency cannot guarantee that reductions undertaken by the County Assessor or requested by a property owner pursuant to Proposition 8 will not in the future reduce the assessed valuation of property in the Project Area and, therefore, Pledged Tax Revenues that secure the Bonds.

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. Pledged Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

TAX MATTERS

State Income Tax

In the opinion of Norton Rose Fulbright US LLP ("Bond Counsel"), under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Except as set forth in the preceding sentence, Bond Counsel will provide no opinion in connection with the issuance or offering of the Bonds with regard to any federal, state or local tax consequence of the ownership or disposition of or the receipt of interest on any Bond. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix B.

Federal Income Tax Considerations.

The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Internal Revenue Code of 1986 (the "Code"), United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. No assurance can be given that future changes in the law will not alter the conclusions reached herein.

Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, or (ii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Bonds under local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds is sold to the public) and who will hold their Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors

regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

U.S. Holders

Interest on the Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from gross income for federal income tax purposes. The Successor Agency has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The Successor Agency intends to treat the Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE SUCCESSOR AGENCY EXPECTS THAT THE INTEREST PAID ON A BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Disposition of Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. To the extent that the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds by more than a de minimis amount (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference may constitute original issue discount ("OID"). U.S. Holders of Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Amortizable Bond Premium. A holder of a Bond that purchased that bond for an amount that was greater than its stated redemption price at maturity will be considered to have purchased the Bond with "amortizable bond premium" equal in amount to such excess. A U.S. Holder of a Bond purchased with amortizable bond premium may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service. That a Bond was purchased by the holder with amortizable bond premium may affect the computation of includable original issue discount for that holder.

Sale or other Taxable Disposition of a Bond; Market Discount. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement or other taxable disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S.

Holder of a Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Bond (generally, the purchase price paid by the U.S. Holder for the Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Under current law, a U.S. Holder of a Bond who did not purchase that Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Bond (or, in the case of a Bond bearing original issue discount, is less than the "revised issue price" of that Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

Medicare Tax. Certain non-corporate U.S. Holders of Bonds are subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" (in the case of individuals) or "undistributed net investment income" (in the case of estates and certain trusts) for the relevant taxable year and (2) the excess of the U.S. Holder's "modified adjusted gross income" (in the case of individuals) or "adjusted gross income" (in the case of estates and certain trusts) for the taxable year over a certain threshold (which in the case of individuals is between $200,000 and $250,000, depending on the individual's circumstances). A U.S. Holder's calculation of net investment income generally will include its interest income on the Bonds and its net gains from the disposition of the Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are an individual, estate, or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Bonds.

Information Reporting and Backup Withholding. Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding

rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business.

The foregoing notwithstanding, but subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," and assuming the interest income of Non-US Holder on the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will not be subject to 30% withholding, or any lower rate specified in an income tax treaty, if such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the Non-U.S. Holder provides a statement to the payor certifying, under penalties of perjury, that the Non-U.S. Holder is not a United States person and providing the name and address of such Non-U.S. Holder; (ii) such interest is treated as not effectively connected with a United States trade or business of the Non-U.S. Holder; (iii) such interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) the Non-U.S. Holder is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) the Non-U.S. Holder is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the Non-U.S. Holder's banking trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to an owner or intermediary who has provided a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," any capital gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement or other taxable disposition of a Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Bonds to a Non-U.S. Holder will not be subject to any backup withholding tax requirements if the Non-U.S. Holder of the Bond or a financial institution holding the Bond on behalf of the Non-U.S. Holder in the ordinary course

of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Non-U.S. Holder provides the certification, the certification must give the name and address of such Non-U.S. Holder, state that such Non-U.S. Holder is not a United States person, or, in the case of an individual, that such Non-U.S. Holder is neither a citizen nor a resident of the United States, and the Non-U.S. Holder must sign the certificate under penalties of perjury. The current backup withholding tax rate is 28%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018 and (ii) certain "passthru" payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

Effect of Defeasance. Pursuant to the Trust Agreement, the Bonds are subject to legal defeasance without the consent of the holders of the Bonds. Defeasance of any of the Bonds may be treated as a taxable constructive exchange of that Bond for the defeased Bond, in which event, the holder will recognize gain or loss for federal income tax purposes equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as described above) and the holder's adjusted tax basis in the Bonds (described above).

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans") regarding prohibited transactions, and also imposes certain obligations on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on (i) tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code and which are not governmental and church plans as defined herein ("Qualified Retirement Plans"), and (ii) Individual Retirement Accounts described in Section 408(b) of the Code ("Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of

Section 4975 of the Code. Although assets of such governmental or non-electing church plans may be invested in the Bonds without regard to the ERISA and Code considerations described below, any such investment may be subject to provisions of applicable federal and state law that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code ("Similar Law").

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans (such persons are referred to as "Parties in Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 75-1, relating to certain broker-dealer transactions, PTCE 96-23, regarding transactions effected by "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Benefit Plans and persons who are Parties in Interest solely by reason of providing services to such Benefit Plans or who are persons affiliated with such service providers, provided generally that such persons are not fiduciaries with respect to "plan assets" of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

Any Benefit Plan fiduciary considering whether to purchase Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. In addition, persons responsible for considering the purchase of Bonds by a governmental plan or non-electing church plan should consult with its counsel regarding the applicability of any Similar Law to such an investment.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____ (being the principal amount of the Bonds plus a net original issue premium of $_____ and less an underwriter's discount of $_____). The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

MUNICIPAL ADVISOR

The Successor Agency has retained the Municipal Advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is a registered municipal advisory firm.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Underwriter, relating to the sufficiency of monies deposited into the Escrow Fund created under the Escrow Agreement to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements with respect to the Refunded Bonds.

The report of the Verification Agent will include the statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

LEGALITY FOR INVESTMENT IN CALIFORNIA

The Redevelopment Law provides that obligations authorized and issued under the Redevelopment Law will be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The Bonds are also authorized security for public deposits under the Redevelopment Law.

RATING

S&P Global Ratings ("S&P"), has assigned its underlying rating of "__" to the Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should 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 rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Investors should not make an investment decision based solely on the rating of S&P. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the Bonds (the "Continuing Disclosure Agreement"), by and between the Successor Agency and _____ (the "Dissemination Agent"), to provide certain financial information and operating data relating to the Successor Agency (the "Annual Report") no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2016-17, and to provide notices of the occurrence of certain enumerated events through the EMMA System. The specific nature of the information to be contained in the Annual Report and the enumerated events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12, as amended (the "Rule") promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

[UPDATE]

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the respective approving opinion of Bond Counsel, to be delivered in substantially the forms set forth in APPENDIX B herein. Norton Rose Fulbright US LLP has undertaken no responsibility to the Owners for the accuracy, completeness or fairness of this Official Statement or any other offering material related to the Bonds, and expresses no opinion to the Owners with respect thereto.

EXECUTION AND DELIVERY

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

SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORMS OF BOND COUNSEL OPINION

[Delivery Date]

$_____
Successor Agency to the Guadalupe
Community Redevelopment Agency
Tax Allocation Refunding Bonds,
Series 2017 (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency") in connection with the issuance of its $_____ Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the "Bonds"). The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. _____ adopted on August 14, 2007 (the "Resolution") and by the Oversight Board of the Successor Agency pursuant to Resolution No. _____, adopted on August 16, 2017 (the "Oversight Board Resolution"). The Bonds will be issued pursuant to the Constitution and laws of the State of California, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Bond Law") and the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Redevelopment Law"). The Bonds are also being issued pursuant to an Indenture, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee").

As bond counsel, we have examined applicable provisions of the Bond Law and copies certified to us as being true and complete copies of the proceedings of the Successor Agency and the Oversight Board for the authorization and issuance of the Bonds, including the Resolution, the Oversight Board Resolution and the Indenture. Our services as bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the Successor Agency as we have considered necessary for the purposes of this opinion.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the Successor Agency, payable as to principal and interest from Pledged Tax Revenues as provided in the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Successor Agency and, assuming the Indenture constitutes a legal valid and binding obligation of the Trustee, constitutes a legal, valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

3. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

The opinions expressed in paragraphs 1 and 2 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds and the Indenture is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

This opinion is limited to the laws of the State of California and the federal laws of the United States.

Respectfully submitted,

APPENDIX C

BOOK-ENTRY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing Successor Agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUND – JUNE 30, 2017

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – THE CITY OF GUADALUPE

The following information relating to the City of Guadalupe, California (the "City") is provided for informational purposes only. The Bonds (as defined in the front part of this Official Statement) are payable solely as described in this Official Statement and are not payable or secured by a pledge of the faith and credit or taxing power of the City.

General Information

The City is located on California's Pacific Coast Highway in northwestern Santa Barbara County (the "County") in southern California. The City is situated approximately 85 miles northwest of the City of Santa Barbara, southeast of Los Angeles, 167 miles northwest of Los Angeles and 260 miles southeast of San Francisco.

Santa Barbara County was established by an act of the State Legislature on February 18, 1850. It occupies an area of 2,774 square miles, of which one-third is located in the Los Padres National Forest. There are eight incorporated cities located wholly or partially within Santa Barbara County: Santa Maria, Santa Barbara, Lompoc, Goleta, Carpinteria, Guadalupe, Solvang, and Buellton. The County is served by Amtrak trains and Greyhound Lines buses. The Santa Barbara Metropolitan Transit District serves the southern portion of the county. In the North County, the cities of Lompoc, Santa Maria, and Buellton/Solvang have their own bus services.

Municipal Government

The city was established in 1840 and incorporated on August 3, 1946. It is a general law city governed by a Mayor and four City Council Members who are elected to alternating four year terms. The City has a Council/Administrator (City Administrator) form of municipal government. The City Council appoints the City Administrator who is responsible for the day-to-day administration of City business, the coordination of all departments of the City and carrying out the policies established by the City Council.

The current members of the City Council, term expiration and their principal occupations are as follows:

Name and Office	Expiration of Term
John Lizalde, *Mayor*	
Ariston Julian, *Mayor Pro Tem*	
Virgina Ponce, *Member*	
Antonio Ramirez, *Member*	
Gina Rubalcaba, *Member*	

Education

Guadalupe has two schools, Mary Buren Elementary and Kermit McKenzie Junior High School. Mary Buren Elementary is kindergarten to fifth grade and Kermit McKenzie Junior High School is sixth to eighth grade.

Population

The City had a population of 7,414 as of January 2017, as reported by the Department of Finance. From the five years 2013 through 2017 the population of the City increased by 3.1%.

TABLE 1
CITY, COUNTY, STATE POPULATION DATA

Year January 1	City of Guadalupe	Santa Barbara County	State of California
2013	7,185	435,241	38,373,434
2014	7,248	440,129	38,739,410
2015	7,303	444,900	39,059,809
2016	7,358	447,295	39,189,035
2017	7,414	450,663	39,523,613

Source: State of California Department of Finance.

Employment and Industry

The following table provides a historical view of employment within the City and the County of Santa Barbara for the period from 2012 through 2016.

TABLE 2
CITY AND COUNTY
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATES
Yearly Average for Years 2012 to 2016

	2012	2013	2014	2015	2016
Santa Barbara County					
Unemployment Rate	8.4%	7.2%	6.1%	5.3%	5.0%
Employment	197,900	201,700	204,900	206,300	205,800
Unemployment	18,100	15,600	13,300	11,500	10,800
Civilian Labor Force	216,000	217,300	218,200	217,800	216,600
City of Guadalupe					
Unemployment Rate	7.9%	6.8%	5.8%	5.0%	4.7%
Employment	3,000	3,000	3,100	3,100	3,100
Unemployment	300	200	200	200	200
Civilian Labor Force	3,200	3,300	3,300	3,300	3,300

Source: State of California Employment Development Department.

The following table sets forth the top twenty-five employers in the County as of December 2016.

TABLE 3
SANTA BARBARA COUNTY
MAJOR EMPLOYERS
2016

Employer	Location	Industry
Alisal Guest Ranch & Resort	Solvang	Resorts
Bacara Resort & Spa	Goleta	Resorts
Chumash Casino Resort	Santa Ynez	Casinos
Citrix Systems Inc	Goleta	Computer Software
Cottage Health	Santa Barbara	Health Care Management
D B Specialty Farms	Santa Maria	Farms
Den Mat Holdings LLC	Lompoc	Dentists
Devereux Foundation	Goleta	Schools
Four Seasons-Santa Barbara	Santa Barbara	Hotels & Motels
Hacienda Harvesting Inc	Santa Maria	General Contractors
Jordano's	Santa Barbara	Human Resource Consultants
Jordano's Foodservice	Santa Barbara	Food Products (whole sale)
Lompoc Valley Medical Ctr	Lompoc	Hospitals
Marian Regional Medical Ctr	Santa Maria	Hospitals
Mission Linen Supply Inc	Santa Barbara	Linen Supply Service
Mission Linen Supply Inc	Santa Barbara	Linen Supply Service
Montecito FM Inc	Santa Barbara	Radio Stations & Broadcasting Companies
Pacific Diagnostic Lab	Goleta	Laboratories-Medical
Santa Barbara City Clg	Santa Barbara	Schools-Universities & Colleges Academic
Santa Barbara Cottage Hospital	Santa Barbara	Hospitals
Santa Barbara County Coroner	Santa Barbara	Government Offices-County
Santa Barbara Sheriff's Dept	Santa Barbara	Government Offices-County
Santa Ynez Tribal Gaming Cmmtt	Santa Ynez	Government Ofcs-Authorities/Commissions
University of Ca-Santa Barbara	Santa Barbara	Schools-Universities & Colleges Academic
Vandenberg Air Force Base	Vandenberg AFB	Military Bases

Source: America's Labor Market Information System (ALMIS) Employer Database.

Construction

The following table provides building permit valuations for the fiscal years shown. Figures for fiscal year 2016-17 are unavailable.

TABLE 4
CITY OF GUADALUPE
BUILDING PERMIT VALUATIONS
Fiscal Years 2011-12 through 2015-16

Fiscal Year	Residential Valuation	Retail Valuation
2011-12	$ 26,000	$ 6,000
2012-13	0	0
2013-14	0	0
2014-15	0	0
2015-16	8,464,200	34,000

Source: Construction Industry Research Board.

Commercial Activity

The following table provides information with respect to taxable transactions in the City for the years shown. Annual figures for 2016 are not yet available.

TABLE 5
CITY OF GUADALUPE
Taxable Transactions
(In Thousands)

	2011	2012	2013	2014	2015
Retail and Food Stores	$13,349	$13,991	$14,610	$14,688	$15,541
Total All Outlets	22,442	23,784	26,179	26,271	30,039

Source: California State Board of Equalization Statistical Research and Consulting Division.

APPENDIX H

FISCAL CONSULTANT'S REPORT

$_____
SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY TAX ALLOCATION REFUNDING BONDS SERIES 2017 (TAXABLE)

BOND PURCHASE AGREEMENT

_____, 2017

Successor Agency to Guadalupe Community Redevelopment Agency
918 Obispo Street
Guadalupe, CA 93434

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Successor Agency to Guadalupe Community Redevelopment Agency (the "Successor Agency"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 11:59 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the above-captioned Bonds (and defined below) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or fiduciary of the Successor Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, have advised or are currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures,

if any, and disclosures concerning complex municipal securities financing, if any. The Successor Agency acknowledges that it has engaged Urban Futures, Inc. (the "Municipal Advisor"), as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1), and for financial advice purposes, will rely only on the advice of the Municipal Advisor.

Capitalized terms used and not otherwise defined in this Bond Purchase Agreement shall have the same meanings given them in that certain Indenture, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), pursuant to which the Bonds are being issued.

1. *Purchase and Sale; Use of Proceeds.*

(a) Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agree to purchase from the Successor Agency for offering to the public, all (but not less than all) of the $_____ Successor Agency to Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the "Bonds"), at the purchase price of $_____ (the "Purchase Price") (being the principal amount of the Bonds of $_____, less an Underwriter's discount of $_____, and less a net original issue discount of $_____). The Purchase Price will be delivered to the Trustee on behalf of the Successor Agency.

The Purchase Price is to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts, all as set forth in the attached Exhibit A.

As an accommodation to the Successor Agency, the Underwriter will pay, from the Purchase Price, the sum of $_____ to _____ (the "Insurer") as the premium for the portion of its municipal bond insurance policy (the "Municipal Bond Insurance Policy") issued for the Insured Bonds (defined below) and allocable to the Insured Bonds, and the sum of $_____ to the Insurer as the premium for its reserve account municipal bond insurance policy issued for the Bonds (the "Reserve Account Insurance Policy") and allocable to the Bonds. Such amounts shall be credited against the Purchase Price to be remitted by the Underwriter to the Trustee pursuant to the foregoing paragraph.

(b) The Bonds are being issued for the purpose of (a) redeeming and defeasing the outstanding $6,455,000 Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Tax Allocation Refunding Bonds, Series 2003 (the "Prior Bonds"); (b) [purchasing the Reserve Account Insurance Policy for the Bonds] [funding a Reserve Fund], and (c) paying the costs of issuing the Bonds.

The Bonds are special obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues deposited in the Redevelopment Property Tax Trust Fund and payable from amounts on deposit therein.

The payment of principal of and interest on the Bonds maturing on _____ 1, 20__ through _____ 1, 20___, inclusive, and on each of _____ 1, 20___ and _____ 1,

20___ (collectively, the "Insured Bonds"), when due, will be insured by the Municipal Bond Insurance Policy issued by the Insurer concurrently with the delivery of the Bonds.

(c) Under an Escrow Agreement, dated as of _____ 1, 2017 (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the redemption of the Prior Bonds.

(d) Issuance of the Bonds was authorized by a resolution of the Successor Agency, adopted on August 14, 2017 and the Official Statement and this Bond Purchase Agreement were approved by a resolution of the Successor Agency adopted on October __, 2017 (collectively, the "Successor Agency Resolution"), and a resolution of the Oversight Board of the Successor Agency to Guadalupe Community Redevelopment Agency, adopted on August 16, 2017 (the "Oversight Board Resolution").

2. *Bona Fide Public Offering*. The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

3. *Official Statement*. The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the "Official Statement"). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2017 relating to the Bonds (the "Preliminary Official Statement"). The Successor Agency deems the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information allowed to be omitted by Rule 15c2-12.

The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. At least one copy of the Official Statement shall be in word searchable portable document format (PDF). The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, but in any event no later than the Closing Date. The Official Statement shall contain all information previously permitted to be omitted from the Preliminary Official Statement by Rule 15c2-12.

The Underwriter agrees to deliver or cause to be delivered to each purchaser of the Bonds from it, upon request, a copy of the Official Statement, for the time period required under Rule 15c2-12. The Underwriter also agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency and delivered to the Underwriter,

with a nationally recognized municipal securities information repository (currently, the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org), and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the use of the Official Statement in connection with offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State, including the Dissolution Act, and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, and this Bond Purchase Agreement (collectively, the "Successor Agency Documents"), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Successor Agency Documents, (ii) the distribution and use of the "deemed final" Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) As of the date of the Preliminary Official Statement, the information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Preliminary Official Statement did not as of its date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) At the time of the Successor Agency's acceptance hereof, and (unless an event occurs of the nature described in paragraph (o) of this Section 4) at all times subsequent thereto up to and including the Closing Date, the Official Statement (excluding therefrom any information relating to the Insurer, the Municipal Bond Insurance Policy, the Reserve Account Insurance Policy, DTC and its book-entry system included therein and the information under the caption "UNDERWRITING") does not and will not contain any untrue statement of a material

fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Successor Agency Documents and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with in any material way, or constitute on the part of the Successor Agency a material violation of, or a material breach of or material default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the Board members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, which default has or may have a materially adverse effect, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues (senior to or on a parity with the pledge thereof under the Indenture), except as is specifically disclosed in the Preliminary Official Statement and the Official Statement.

(h) As of the date hereof, except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the knowledge of the officer of the Successor Agency executing this Bond Purchase Agreement, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Successor Agency Documents, or which, in any way, could adversely affect the validity or enforceability of the Successor Agency Documents or the Bonds or, to the knowledge of the Successor Agency, or which in any way could materially adversely affect the availability of Tax Revenues to pay the debt service on the Bonds.

(i) Any written certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained to the best of the knowledge of such official.

(j) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the

distribution of the Bonds; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification or determination in any jurisdiction.

(k) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations under the Indenture and the Escrow Agreement have been duly obtained or made and are in full force and effect.

(l) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed in writing to the Underwriter.

(m) Except as described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues on a parity with or senior to the lien provided for in the Indenture on the Tax Revenues.

(n) Except as described in the Preliminary Official Statement and the Official Statement and based upon a review of their previous undertakings, neither the Guadalupe Community Redevelopment Agency (the "Former Agency") nor the Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency or the Former Agency, respectively, pursuant to Rule 15c2-12.

(o) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the Successor Agency may assume that the "End of the Underwriting Period" is the Closing Date.

(p) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (o) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make the information therein in the light of the circumstances under which it was presented, not misleading.

(q) The Department of Finance of the State (the "Department of Finance") has issued a letter, dated _____, 2017, approving the issuance of the Bonds. The Successor Agency has received its Finding of Completion from the Department of Finance pursuant to section 34179.7 of the Dissolution Act. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

(r) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing of all Recognized Obligation Payment Schedules as required by the Law.

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure agreement, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Official Statement (the "Continuing Disclosure Agreement").

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with the Rule and any applicable rule of the MSRB.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. *Closing.* On _____, 2017, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the "Closing Date"), the

Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date, unless otherwise specified herein. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Norton Rose Fulbright US LLP, in Los Angeles, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of the Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:00 a.m., Pacific Standard time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee, less the amounts remitted by the Underwriter to the Insurer as described in the third paragraph of Section 1(a).

7. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency since June 30, 2016;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Continuing Disclosure Agreement, the Escrow Agreement and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Continuing Disclosure Agreement, as duly executed and delivered by the Successor Agency;

(iii) a copy of the Escrow Agreement, duly executed and delivered by the Successor Agency and the Escrow Bank;

(iv) the opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency, in the form attached as an appendix to the Official Statement and a reliance letter, dated the Closing Date and addressed to the Underwriter which shall include a statement that the opinions attached as an appendix to the Official Statement may be relied upon by the Underwriter to the same extent as if such opinions was addressed to them;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by its Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Executive Director, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by the Escrow Agreement, this Bond Purchase Agreement, the Continuing Disclosure Agreement or the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the Audited Financial Statements of the City of Guadalupe for the Fiscal Year End June 30, 2016, as an appendix to the Official Statement;

(vi) an opinion of counsel to the Successor Agency, addressed to the Underwriter and the Successor Agency, in form and substance acceptable to each of them, dated the date of the Closing, to the following effect:

(A) The Successor Agency is a public entity, duly organized and validly existing under and by virtue of the Constitution and the laws of the State;

(B) The Indenture, the Continuing Disclosure Agreement, the Escrow Agreement, and this Bond Purchase Agreement have been duly approved by the Resolution of the Successor Agency adopted at a regular meeting duly called and held in accordance pursuant to law and with all public notice required by law and at which a quorum of the members of the Successor Agency was continuously present, and the Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) Except as described in the Official Statement, there is no litigation pending against the Successor Agency and notice of which has been served on the Successor Agency, or to the best of such counsel's knowledge after due inquiry, threatened against the Successor Agency, which: (1) challenges the right or title of any member or officer of the Successor Agency to hold his or her respective office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, or the Bond Purchase Agreement; (c) seeks to restrain or enjoin the issuance and sale of the Bonds, the adoption or effectiveness of the Resolution and Indenture, or the execution and delivery by the Successor Agency of, or the performance by the Successor Agency of its obligations under the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, or the Bond Purchase Agreement; or (d) if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the financial condition, assets, properties or operations of the Successor Agency; and

(D) The execution and delivery by the Successor Agency of, and the performance by the Successor Agency of its obligations under, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, and the Bond Purchase Agreement, do not in any material respect conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Successor Agency is a party or by which it is bound.

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery by the Trustee of the Indenture or the consummation of the transactions on the part of the Trustee contemplated by the Indenture;

(viii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer its obligations created under the Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery by the Escrow Bank of the Escrow Agreement or the consummation of the transactions on the part of the Escrow Bank contemplated by the Escrow Agreement;

(ix) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the obligations of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee threatened against the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(x) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake of its obligations under the Escrow Agreement; (B) the Escrow Bank

has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the obligations of the Escrow Bank under the Escrow Agreement; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank threatened against the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(xi) A supplemental opinion of Bond Counsel addressed to the Underwriter and the Successor Agency, in form and substance acceptable to each of them, dated the date of Closing, to the following effect:

(A) The Successor Agency has duly authorized, executed and delivered the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Bond Purchase Agreement. The Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Bond Purchase Agreement constitute the legal, valid and binding obligations of the Successor Agency, enforceable against the Successor Agency in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles when equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(B) The statements and information contained or summarized in the Preliminary Official Statement and Official Statement on the cover page and under the headings "INTRODUCTION," "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," "APPENDIX A – Summary of Certain Provisions of the Indenture" and "APPENDIX B – Form of Bond Counsel Opinion" (but not including any statistical or financial information set forth under such headings, as to which no opinion need be expressed) insofar as such statements purport to summarize certain provisions of the Bond Law, the Dissolution Act, the Redevelopment Law, the Bonds, the Indenture and the Escrow Agreement, and the opinion of such Bond Counsel concerning certain federal and state tax matters relating to the Bonds, are accurate in all material respects;

(C) The Bonds are exempt from registration under the Securities Act of 1933, as amended;

(D) The Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(E) The Successor Agency has obtained all authorizations, approvals, consents or other orders of the State or any other governmental authority or agency within the State having jurisdiction over the Successor Agency for the valid authorization, issuance and delivery by the Successor Agency of the Bonds.

(xii) the opinion of Underwriter's counsel satisfactory to Underwriter;

(xiii) the final Official Statement executed by an authorized officer of the Successor Agency;

(xiv) certified copies of the Successor Agency Resolutions and the Oversight Board Resolutions;

(xv) specimen Bonds;

(xvi) a verification report of _____, as to the sufficiency to pay in full the redemption price of the Prior Bonds of the moneys in the escrow fund created under the Escrow Agreement;

(xvii) a copy of the Municipal Bond Insurance Policy;

(xviii) a copy of the Reserve Account Insurance Policy;

(xix) an opinion of counsel to the Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Insurer, the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy included in the Official Statement are accurate;

(B) the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy constitute legal, valid and binding obligations of the Insurer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xx) a certificate of the Insurer, signed by an authorized officer of the Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Insurer, the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxi) satisfactory evidence that the Bonds have been assigned the ratings as set forth in the Official Statement;

(xxii) a certificate of an officer of Urban Futures, Inc. (the "Fiscal Consultant"), dated the Closing Date, addressed to the Successor Agency and the Underwriter, to the effect that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm's Fiscal Consultant's Report attached thereto as APPENDIX H, are presented fairly and accurately, and consenting to the use of their report as APPENDIX H to the Preliminary Official Statement and the Official Statement;

(xxiii) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxiv) a defeasance opinion of Bond Counsel with respect to the Prior Bonds, dated the Closing Date and addressed to the Trustee, the Insurer and the Underwriter, in form and substance satisfactory to the Underwriter;

(xxv) an opinion, dated the date of the Closing and addressed to the Underwriter and the Successor Agency, of Norton Rose Fulbright US LLP, Disclosure Counsel, to the effect that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement such Disclosure Counsel has no reason to believe that, as of the date of Closing, the Official Statement (except that such firm express no view with respect to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, or assessed valuations contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Official Statement; (v) any information incorporated by reference into the Official Statement; (vi) any information with respect to the underwriters or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING"; (vii) information under the caption "LITIGATION"; (viii) any information with respect to the Insurer, the Municipal Bond Insurance Policy or Reserve Account Insurance Policy, and under the caption "BOND INSURANCE" and Appendix I; (ix) information under the caption "TAX MATTERS"; and (x) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS") contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(xxvi) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and

accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

8. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(b) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the delivery or performance of the Indenture, the Escrow Agreement or the Continuing Disclosure Agreement, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(d) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(e) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(f) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(g) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency or the Former Agency; or

(h) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(j) there shall exist any event which in the reasonable opinion of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(k) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(l) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(m) any rating of the Bonds shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

9. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

11. *Expenses.* (a) The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, execution and delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants, fees of the Successor Agency's municipal advisor, fees of the Fiscal Consultant, any fees charged by rating agencies for the rating of the Bonds and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate

because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

(b) The Underwriter shall pay the fees and expenses of its counsel, all advertising expenses incurred in connection with the public offering of the Bonds, fees of the California Debt and Investment Advisory Commission, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Executive Director, Successor Agency to Guadalupe Community Redevelopment Agency, 918 Obispo Street, Guadalupe, CA 93434, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: Raul Amezcua, Managing Director.

13. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

15. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. *Effectiveness.* This Bond Purchase Agreement shall become effective upon its acceptance hereof by the Successor Agency.

18. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Managing Director

Accepted and agreed to as of
the date first above written:

SUCCESSOR AGENCY TO
GUADALUPE COMMUNITY REDEVELOPMENT AGENCY

By _____
Authorized Representative

Time of Execution: _____ p.m. California Time

EXHIBIT A TO THE
BOND PURCHASE AGREEMENT

$_____
SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2017 (TAXABLE)

MATURITY SCHEDULE

Maturity (1)	Principal Amount	Interest Rate	Yield	Price

(I) Insured Bond.
(T) Term Bond