

<b>DATE SUBMITTED:</b>	November 4, 2015	<b>Agenda Item No. E-1</b>	
		SUCCESSOR AGENCY	(x)
		PUBLIC HEARING REQUIRED	( )
<b>SUBMITTED BY:</b>	Marlene Best, City Manager Marshall Linn, Financial Advisor	RESOLUTION	(x)
		ORDINANCE 1 <sup>st</sup> READING	( )
		ORDINANCE 2 <sup>nd</sup> READING	( )
<b>DATE ACTION REQUIRED:</b>		CITY CLERK INITIALS	( )

### IMPERIAL SUCCESSOR AGENCY AGENDA ITEM

**SUBJECT:** RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT, A BOND PURCHASE CONTRACT, AN ESCROW AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH CITY OF IMPERIAL REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2015, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTIONS THEREWITH.

**BACKGROUND/  
SUMMARY:**

The Successor Agency Board will recall that at its April 2015 meeting, the Board approved the refunding of the City of Imperial Tax Allocation Bonds Issue of 2005.

The Board will also recall that on June 18, 2015 the Oversight Board also approved the issuance of the Bonds.

On September 23, 2015 the State Department of Finance was provided copies of the Oversight Board's Resolution.

Tonight, the Successor Agency is being requested to give final approval to the following documents which are on file in the Office of the City Clerk.

1. Preliminary Official Statement
2. Bond Purchase Agreement

- 3. Escrow Agreement
- 4. Continuing Disclosure Agreement

**FISCAL IMPACT:** It is anticipated that the refunding of the 2005 Bonds will be completed by the first week in December of this year.

It is also anticipated that the total savings to all of the taxing agencies will be approximately \$1,480,000.

**STAFF**

**RECOMMENDATION:** Approve the attached Resolution.

MANAGER'S RECOMMENDATION:		MANGER'S INITIALS:		
MOTION:				
SECONDED:	APPROVED:	( )	REJECTED	( )
AYES:	DISSAPPROVED	( )	DEFERRED	( )
NAYES:				
ABSENT:	REFFERED TO:			

- ATTACHEMENTS:**
- Resolution\*
  - Preliminary Official Statement\*
  - Bond Purchase Agreement\*
  - Escrow Agreement\*
  - Continuing Disclosure Agreement\*

*\*Copies are available in the Office of the City Clerk*

RESOLUTION NO. SA2015-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT, A BOND PURCHASE CONTRACT, AN ESCROW AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH CITY OF IMPERIAL REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2015, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Successor Agency to the City of Imperial Redevelopment Agency (the "Successor Agency") has previously approved the issuance of its City of Imperial Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2015 (the "Bonds") and an Indenture of Trust relating thereto (the "Indenture") at its meeting on April 15, 2015 for the purpose of refunding certain bonds issued by the City of Imperial Redevelopment Agency (the "Prior Bonds"), and wishes at this time to approve a Preliminary Official Statement in connection with the marketing of the Bonds and for the purpose of deeming it final within the meaning of Rule 15c2-12;

WHEREAS, the Successor Agency desires to approve a Bond Purchase Contract, an Escrow Agreement and a Continuing Disclosure Agreement in connection with the sale and delivery of the Bonds;

WHEREAS, the Oversight Board to the Successor Agency to the City of Imperial Redevelopment Agency (the "Oversight Board") has approved of the issuance of the Bonds by a resolution adopted at its meeting on June 18, 2015 (the "Oversight Board Resolution");

WHEREAS, a copy of the Oversight Board Resolution was provided to the Department of Finance on or around September 23, 2015;

WHEREAS, Wells Fargo Bank, National Association, was initially appointed as trustee under the Indenture; and

WHEREAS, the Successor Agency now desires to appoint Wilmington Trust, N.A., as trustee under the Indenture;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. The Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), in the form presented at this meeting and on file with the Secretary, is hereby approved and deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended ("Rule 15c2-12"). The Underwriter of the Bonds is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in substantially the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Chair of this Board, the Vice-Chair of this Board, the Executive Director of the Successor Agency, the Finance Director of the Successor Agency or any designee of such officers (collectively, the "Authorized Officers") to make the Preliminary Official Statement final as of its

date for purposes of Rule 15c2-12, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading.

Section 2. The form of the Bond Purchase Contract (the “Bond Purchase Contract”), in the form presented at this meeting and on file with the Secretary, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized to execute the Bond Purchase Contract with such additions thereto and deletions therefrom as such Authorized Officer shall deem necessary; provided, however, that the Bond Purchase Contract shall be signed only if the Underwriter’s discount (exclusive of original issue discount) does not exceed 1.2% of the principal amount of the Bonds and the maximum interest rate on the Bonds does not exceed 5.0% per annum.

Section 3. The form of the Escrow Agreement in connection with the Prior Bonds (the “Escrow Agreement”), in the form presented at this meeting and on file with the Secretary, is hereby approved. Each of the Authorized Officers, acting alone is hereby authorized to execute the Escrow Agreement with such additions thereto and deletions therefrom as such Authorized Officer shall deem necessary.

Section 4. The form of the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), in the form presented at this meeting and on file with the Secretary, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized to execute the Continuing Disclosure Agreement with such additions thereto and deletions therefrom as such Authorized Officer shall deem necessary.

Section 5. Wilmington Trust, N.A., is hereby appointed as trustee under the Indenture in place of Wells Fargo Bank, National Association.

Section 6. The members of this Board, the Authorized Officers and all other officers of the Successor Agency are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to take all actions which they deem necessary or proper to effectuate the purposes of this Resolution and the issuance of the Bonds.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 4<sup>th</sup> day of November, 2015.

---

Mark T. Gran

Chair of the Successor Agency to the  
City of Imperial Redevelopment Agency

ATTEST:

---

Debra Jackson  
Secretary of the Successor Agency to the  
City of Imperial Redevelopment Agency

## ESCROW AGREEMENT

### CITY OF IMPERIAL REDEVELOPMENT AGENCY CITY OF IMPERIAL REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS ISSUE OF 2005

This ESCROW AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_ 1, 2015, is by and between the Successor Agency to the City of Imperial Redevelopment Agency (the "Agency"), and Wilmington Trust, N.A., a national banking association having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the escrow hereby created (the "Escrow Bank").

#### WITNESSETH:

WHEREAS, pursuant to an Indenture of Trust dated as of December 1, 2005 (the "Prior Indenture"), by and between the Redevelopment Agency of the City of Imperial (the "Prior Agency") and Wilmington Trust, N.A., as successor trustee (the "Prior Trustee"), the Prior Agency issued its City of Imperial Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2005 (the "Prior Bonds"); and

WHEREAS, pursuant to an Indenture of Trust dated as of \_\_\_\_\_ 1, 2015, by and between the Agency and Wilmington Trust, N.A., as trustee, the Agency will issue its City of Imperial Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2015 (the "Refunding Bonds"), for the purpose of providing moneys which, together with certain other amounts held under the Prior Indenture, will be sufficient to redeem the outstanding Prior Bonds set forth on Schedule A attached hereto (such refunded Prior Bonds referred to as the "Refunded Bonds") on \_\_\_\_\_ at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium (the "Redemption Price"); and

WHEREAS, a portion of the proceeds of the Refunding Bonds shall be set aside in order to provide for the payment of the Refunded Bonds and such proceeds shall be deposited in a special escrow fund to be created hereunder and maintained by the Escrow Bank (the "Escrow Fund"); and

WHEREAS, the Agency has taken action to cause to be delivered to the Escrow Bank, for deposit in the Escrow Fund, Refunding Bond proceeds to be held uninvested in cash until applied to pay the Redemption Price; and

WHEREAS, the amount on deposit in the Escrow Fund has been verified by \_\_\_\_\_ (the "Verification Agent") to be sufficient to pay the Redemption Price of the Refunded Bonds on \_\_\_\_\_;

NOW, THEREFORE, the Agency and the Escrow Bank hereby agree as follows:

#### Section 1. Establishment, Funding and Maintenance of Escrow Fund.

(a) The Escrow Bank agrees to establish and maintain the Escrow Fund until final payment of the Refunded Bonds has been made in full and to hold the moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments

or moneys on deposit with the Escrow Bank). The Agency shall deposit with the Escrow Bank \$\_\_\_\_\_ of proceeds of the Refunding Bonds along with \$\_\_\_\_\_ held under the Prior Indenture. All moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment of the Refunded Bonds. The Escrow Bank shall keep all amounts in the Escrow Fund uninvested in cash.

(b) The Escrow Bank hereby acknowledges receipt of the verification report of the Verification Agent on \_\_\_\_\_, 2015 (the "Verification Report") with respect to the Agency's redemption of the Refunded Bonds.

Section 2. Payment of the Refunded Bonds. The Agency hereby irrevocably instructs the Prior Trustee to provide the Notice of Redemption required pursuant to Section 604 of the Prior Indenture. The Agency hereby further irrevocably instructs the Escrow Bank to provide the Notice of Defeasance in substantially the form set forth in Schedule B hereto. The Agency hereby requests and irrevocably instructs the Escrow Bank to apply the amounts on deposit in the Escrow Fund to the payment of the Refunded Bonds at the place and in the manner stipulated in the Prior Indenture in the amounts set forth in Schedule C hereto. The Escrow Fund cash flow is set forth in Schedule C attached hereto.

Section 3. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 2 hereof, the Escrow Bank shall notify the Agency in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, the Agency shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency.

(b) The Escrow Bank shall in no manner be responsible for any deficiency in the Escrow Fund.

Section 4. Fees and Costs.

(a) The Agency shall pay to the Escrow Bank from time to time reasonable compensation for all services rendered under this Agreement.

(b) The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the Escrow Fund.

Section 5. Merger or Consolidation. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Agreement, shall be the successor to such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 6. Indemnity. To the maximum extent permitted by law, the Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby

are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank's respective successors, assigns, agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the Agency or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

Section 7. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys deposited in the Escrow Fund to accomplish the redemption of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Agency and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the amounts in the Escrow Fund to accomplish the redemption of the Refunded Bonds or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. No provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability by the performance or exercise of its rights or powers. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Agency.

Section 8. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Agency; provided, however, that if the Agency and the Escrow Bank receive an opinion of nationally recognized bond attorneys to the effect that the exclusion from gross income for federal income tax purposes of the

interest on the Refunded Bonds and the Refunding Bonds will not be adversely affected thereby, they may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; and (iii) to include under this Agreement additional funds, securities or properties (but only if the sufficiency of the Escrow Fund for the purpose herein set forth is verified by a nationally recognized firm of independent certified public accountants). The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 8, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 8.

Section 9.     Resignation or Removal of Escrow Bank.

(a)     The Escrow Bank may resign by giving not less than 30 days notice in writing to the Agency, which notice shall be mailed to the owners of the Refunded Bonds remaining unpaid. The Escrow Bank may be removed (1) by (i) filing with the Agency of an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, and (ii) the delivery of a copy of the instruments filed with the Agency to the Escrow Bank, or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the Agency or the owners of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b)     If the position of Escrow Bank becomes vacant due to resignation or removal of the Escrow Bank or any other reason, a successor Escrow Bank may be appointed by the Agency. Notice of such appointment shall be mailed by first class mail, postage prepaid, to the registered owners of the Refunded Bonds. Within one year after a vacancy, the owners of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the Agency, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the Agency. If no successor Escrow Bank is appointed by the Agency or the owners of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the Escrow Bank may petition the appropriate court having jurisdiction for the appointment of a successor Escrow Bank. The responsibilities of the Escrow Bank under this Escrow Agreement will not be discharged until a new Escrow Bank is appointed and until the cash held under this Escrow Agreement are transferred to the new Escrow Bank.

Section 10.     Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 11.     Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.



Section 12. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Prior Indenture.

Section 14. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Agency.

Section 15. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in which the principal office of the Escrow Bank is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement; and no interest shall accrue for the period from and after such nominal date.

IN WITNESS WHEREOF, the Successor Agency to the City of Imperial Redevelopment Agency and Wilmington Trust, N.A., have caused this Agreement to be executed each on its behalf as of the day and year first above written.

WILMINGTON TRUST, N.A.,  
as Escrow Bank

By: \_\_\_\_\_  
Authorized Officer

SUCCESSOR AGENCY TO THE  
CITY OF IMPERIAL REDEVELOPMENT  
AGENCY

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

**SCHEDULE A**  
**REFUNDED BONDS**

<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>	<i>CUSIP</i>
----------------------	----------------------	-------------------	------------------	-------------------	--------------

**SCHEDULE B**

**NOTICE OF DEFEASANCE OF BONDS OF  
REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL  
CITY OF IMPERIAL REDEVELOPMENT PROJECT  
TAX ALLOCATION REFUNDING BONDS  
ISSUE OF 2005**

*Maturity Date      Interest Rate      Par Amount      Call Date      Call Price      CUSIP*

Notice is hereby given to the owners of the above-captioned bonds maturing on and after December 1, 2016 (collectively, the “Refunded Bonds”) that:

(i) There has been deposited in an Escrow Fund with Wilmington Trust, N.A., as Escrow Bank, certain monies as permitted by that Indenture of Trust dated as of December 1, 2005 (the “Indenture”) by and between Wilmington Trust, N.A., as successor trustee (the “Trustee”) and the Redevelopment Agency of the City of Imperial, pursuant to which the Refunded Bonds were issued, for the purpose of defeasing and redeeming the Refunded Bonds. The moneys deposited with the Escrow Bank will be sufficient (a) to pay the interest on the Refunded Bonds through and including \_\_\_\_\_, and (b) to redeem the Refunded Bonds on \_\_\_\_\_ at redemption price equal to the principal amount thereof, without premium (the “Redemption Price”).

(ii) The Trustee has been irrevocably instructed by the Successor Agency to the City of Imperial Redevelopment Agency (the “Agency”) to mail a notice of redemption in accordance with the Indenture and to redeem the Refunded Bonds on \_\_\_\_\_.

(iii) The Refunded Bonds are deemed to be paid in accordance with Section 1101 of the Indenture and all liability of the Agency under the Indenture has ceased and been discharged except for the obligation of the Trustee to pay the owners of the Refunded Bonds the interest on and Redemption Price of the Refunded Bonds when due from amounts on deposit in the Escrow Fund in accordance with Section 1101 of the Indenture.

Dated: \_\_\_\_\_, 2015

WILMINGTON TRUST, N.A.,  
as Escrow Bank

**SCHEDULE C**  
**ESCROW FUND CASH FLOW**

<i>Date</i>	<i>Escrow Requirement</i>	<i>Cash Disbursement to Paying Agent</i>
-------------	-------------------------------	--

NEW ISSUE – BOOK ENTRY ONLY

**RATING:**

Standard & Poor’s: “\_\_” (Insured) / “\_\_” (Underlying)  
(See “CONCLUDING INFORMATION -- Ratings” herein)

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with covenants intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest is also exempt from present State of California personal income taxes. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity is original issue discount. See “CONCLUDING INFORMATION – Tax Exemption” herein for a discussion of the effect of certain provisions of the Code on Owners of the Bonds.*

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE  
CITY OF IMPERIAL REDEVELOPMENT AGENCY  
City of Imperial Redevelopment Project  
Tax Allocation Refunding Bonds  
Issue of 2015**

**Dated: Delivery Date**

**Due: December 1, as shown on inside cover**

The above-captioned bonds (the “Bonds”) are being issued by the Successor Agency to the City of Imperial Redevelopment Agency (the “Agency”) pursuant to an Indenture of Trust, dated as of [December 1, 2015] (the “Indenture”), by and between the Agency and Wilmington Trust, N.A., as trustee (the “Trustee”). Proceeds of the Bonds will be used to: (i) refinance the City of Imperial Redevelopment Agency’s previously issued \$9,055,000 aggregate principal amount of City of Imperial Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005, currently outstanding in the amount of \$\_\_\_\_\_ (the “2005 Bonds” or the “Refunded Bonds”); (ii) [fund a reserve account][to pay the premium for a debt service reserve insurance policy]; and (iii) pay costs of issuance of the Bonds.

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 bond certificates representing their ownership interest in the Bonds. The principal of, premium if any, and semiannual interest (due June 1 and December 1 of each year, commencing [June 1, 2016]) on the Bonds will be 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 optional redemption and mandatory sinking account redemption prior to their maturity as described herein.** See “THE BONDS – Redemption and Purchase of Bonds” herein.

The Bonds are being issued by the Agency on a parity basis with the Redevelopment Agency of the City of Imperial’s (the “Prior Agency”) previously issued City of Imperial Redevelopment Project, 2007 Tax Allocation Bonds (the “Existing Parity Bonds”).

The Bonds and the Existing Parity Bonds are payable from and equally and ratably secured by a first pledge of Pledged Tax Revenues (as defined herein) to be derived from the City of Imperial Redevelopment Project (the “Project Area”). Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll to the extent they constitute Pledged Tax Revenues, shall be deposited in the Redevelopment Obligation Retirement Fund, and administered by the Agency and the Trustee in accordance with the Indenture.

[bond insurer logo – bond insurance TBD]

**This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein. See “RISK FACTORS.”**

The Bonds are not a debt of the City of Imperial, the State of California (the “State”) or any of its political subdivisions (except the Agency) and neither said City, said State or any of its political subdivisions (except the Agency) is liable therefor. The principal of and interest on the Bonds are payable solely from the Pledged Tax Revenues allocated to the Agency from the Project Area (and other funds as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

*The Bonds are offered, when, as and if issued, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Disclosure Counsel, and by Dennis H. Morita, APC, El Centro, California, Agency Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December \_\_, 2015.*

[STIFEL LOGO]

Dated: December \_\_, 2015

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

\$ \_\_\_\_\_  
 SUCCESSOR AGENCY TO THE  
 CITY OF IMPERIAL REDEVELOPMENT AGENCY  
 City of Imperial Redevelopment Project  
 Tax Allocation Refunding Bonds  
 Issue of 2015

**MATURITY SCHEDULE**

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>†</sup> Suffix (Base)
	\$	%	%	

\$ \_\_\_\_\_ % Term Bonds due December 1, 20\_\_ - Yield - \_\_%, CUSIP<sup>†</sup> Suffix \_\_\_\_  
 \$ \_\_\_\_\_ % Term Bonds due December 1, 20\_\_ - Yield - \_\_%, CUSIP<sup>†</sup> Suffix \_\_\_\_

<sup>†</sup> CUSIP® Copyright 2015, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Agency, the City nor the Underwriter guarantees the accuracy of the CUSIP® data.

**SUCCESSOR AGENCY TO THE  
CITY OF IMPERIAL REDEVELOPMENT AGENCY  
IMPERIAL, CALIFORNIA**

**Governing Board / City Council**

Mark Gran, *Mayor*  
Doug Cox, *Mayor Pro-Tem*  
Geoff Dale, *Council Member*  
Betty Sampson, *Council Member*  
James Tucker, *Council Member*

**Agency / City Staff**

Marlene D. Best, *City Manager*  
Laura Gutierrez, *Director of Administrative Services*  
Dennis H. Morita, Esq., *City Attorney*  
Debra Jackson, *City Clerk*

**SPECIAL SERVICES**

**Bond Counsel**

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

**Disclosure Counsel**

Richards, Watson & Gershon  
A Professional Corporation  
Los Angeles, California

**Trustee and Escrow Agent**

Wilmington Trust, N.A.  
Costa Mesa, California

**Financial Advisor and Dissemination Agent**

Urban Futures, Inc.  
Orange, California

**Verification Agent**

---

[city], [state]



## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

*Preparation of this Official Statement.* The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

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

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

*Web Page.* The City of Imperial maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

## TABLE OF CONTENTS

	PAGE NO.
INTRODUCTION.....	1
Authority and Purpose .....	1
The City and the Agency.....	1
The Project Area .....	2
Tax Allocation Financing.....	3
Security for the Bonds.....	3
Outstanding Bonds.....	4
Reserve Account.....	4
Further Information.....	4
PLAN OF REFUNDING.....	5
SOURCES AND USES OF FUNDS.....	5
THE BONDS .....	6
Authority for Issuance.....	6
Description of the Bonds.....	6
Book-Entry System.....	6
Redemption and Purchase of Bonds .....	6
Notice of Redemption .....	7
SECURITY FOR THE BONDS .....	8
Redevelopment Property Tax Trust Fund; Pledged Tax Revenues .....	8
Tax Increment Financing .....	10
Recognized Obligation Payment Schedule .....	12
Redevelopment Obligation Retirement Fund; Debt Service Fund .....	17
Reserve Account.....	17
Outstanding Bonds.....	18
Additional Parity Bonds.....	18
Bonds Not a Debt of the City of Imperial or the State of California .....	20
THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY.....	20
Members and Officers.....	21
Agency Powers .....	21
RISK FACTORS.....	22
Reduction in Taxable Value .....	22
Risks to Real Estate Market .....	23
Reduction in Inflationary Rate .....	23
Development Risks .....	23
Levy and Collection of Taxes.....	24
State Budget Issues .....	24
Recognized Obligation Payment Schedule .....	25
AB 1484 Penalty for Failure to Remit Unencumbered Funds.....	27
Bankruptcy and Foreclosure.....	28
Estimated Revenues .....	29
Hazardous Substances.....	29
Natural Calamities .....	29
Changes in the Law.....	30
Investment Risk .....	30
Additional Obligations .....	30

Secondary Market .....	30
No Validation Proceeding Undertaken .....	31
Loss of Tax-Exemption.....	32
PROPERTY TAXATION IN CALIFORNIA .....	32
Property Tax Collection Procedures .....	32
Unitary Property .....	34
Article XIII A of the State Constitution .....	34
Appropriations Limitation - Article XIII B .....	35
Articles XIII C and XIII D of the State Constitution .....	35
Proposition 87 .....	35
Appeals of Assessed Values .....	36
Proposition 8.....	36
Propositions 218 and 26 .....	37
Future Initiatives .....	37
THE PROJECT AREA.....	37
General 37	
Limitations and Requirements of the Redevelopment Plan .....	37
Statutory Pass-Throughs .....	38
Land Uses .....	40
Largest Taxpayers.....	41
Appeals.....	41
PLEDGED TAX REVENUES .....	42
Schedule of Historical Taxable Assessed Values .....	42
Projected Taxable Valuation and Pledged Tax Revenues .....	43
Bonds and Existing Parity Bonds Annual Debt Service .....	44
Debt Service Coverage.....	45
CONCLUDING INFORMATION.....	47
Underwriting .....	47
Legal Opinions .....	47
Tax Exemption .....	47
Verification.....	48
No Litigation .....	48
Legality for Investment in California.....	48
Ratings 49	
Continuing Disclosure.....	49
Miscellaneous .....	51
APPENDIX A – GENERAL INFORMATION REGARDING THE CITY OF IMPERIAL AND THE COUNTY OF IMPERIAL.....	A-1
APPENDIX B – SUMMARY OF THE INDENTURE.....	B-1
APPENDIX C – FORM OF BOND COUNSEL OPINION.....	C-1
APPENDIX D – BOOK-ENTRY ONLY SYSTEM.....	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT .....	E-1
APPENDIX F – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014 .....	F-1
APPENDIX G – FINANCIAL ADVISOR’S REPORT.....	G-1

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE  
CITY OF IMPERIAL REDEVELOPMENT AGENCY  
City of Imperial Redevelopment Project  
Tax Allocation Refunding Bonds  
Issue of 2015**

**INTRODUCTION**

*This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the Bonds (as defined herein). Potential investors are encouraged to read the entire Official Statement. Definitions of certain terms used in this Official Statement are set forth in “APPENDIX B – SUMMARY OF THE INDENTURE.”*

**Authority and Purpose**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the City of Imperial Redevelopment Agency (the “Agency”) of its § \_\_\_\_\_ City of Imperial Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2015 (the “Bonds”).

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 (the “Bond Law”) and the provisions of Health and Safety Code Section 34177.5, and an Indenture of Trust, dated as of [December 1, 2015] (the “Indenture”), by and between the Agency and Wilmington Trust, N.A., as trustee (the “Trustee”) approved by Resolution No. SA2015-01 adopted by the Agency on April 15, 2015 (the “Successor Agency Resolution”), and by Resolution No. OB2015-07 adopted by the Oversight Board for the Agency on June 18, 2015 (the “Oversight Board Resolution”). Written notice of the Oversight Board Resolution was provided to the State Department of Finance pursuant to the Dissolution Act (as defined herein) on September 22, 2015, and the State Department of Finance requested review within five business days of such written notice. On \_\_\_\_\_, 2015, the State Department of Finance provided a letter to the Agency stating that [based on such department’s review and application of the law, the Oversight Board Resolution approving the issuance of the Bonds to refund the Refunded Bonds (as defined below) is approved by the State Department of Finance].

The Bonds are being issued to refinance for savings the City of Imperial Redevelopment Agency’s \$9,055,000 aggregate principal amount of City of Imperial Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005, currently outstanding in the amount of \$\_\_\_\_\_ (the “2005 Bonds” or the “Refunded Bonds”). See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS.”

**The City and the Agency**

The City of Imperial (the “City”) is located in the extreme southern portion of California in the Imperial County (the “County”) portion of Imperial Valley. The City is approximately 25 miles north of the Mexican border and 125 miles east of San Diego, California. The City was founded in 1901, incorporated in 1904, and operates as a general city. It maintains a council-manager form of government, with the mayor and council members elected at-large for four-year terms. For certain information

regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY OF IMPERIAL AND THE COUNTY OF IMPERIAL.”

The City of Imperial Redevelopment Agency (the “Prior Agency”) was activated on August 6, 1980 by the City Council of the City with the adoption of Ordinance No. 482, pursuant to the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the “Redevelopment Law”). On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 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 Prior Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State (as amended from time to time, the “Dissolution Act”). The Dissolution Act has been amended several times since its original enactment by AB X1 26, including but not limited to significant amendments that became effective on June 27, 2012 by the enactment of Assembly Bill No. 1484 (“AB 1484”), Chapter 26, Statutes of 2012, and on September 22, 2015, by the enactment of Senate Bill No. 107 (“SB 107”), Chapter 325, Statutes of 2015.

On January 10, 2012, pursuant to Resolution No. 2012-02 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the City of Imperial Redevelopment Agency (the “Agency”) to assume the successor functions under the Dissolution Act. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Prior Agency will not be transferred to the City nor will the assets of the Prior Agency become assets of the City.

## **The Project Area**

Pursuant to the Redevelopment Law, the City Council, on behalf of the Prior Agency, established the City of Imperial Redevelopment Project (the “Project Area”) within the City, which generates Pledged Tax Revenues which are pledged to the repayment of the Bonds. The City Council of the City adopted the redevelopment plan with respect to the Project Area (the “Redevelopment Plan”) on June 19, 2002, pursuant to its Ordinance No. 659, establishing the original project area (the “Original Project Area”). Subsequently, the City Council of the City adopted Ordinance No. 705 on July 20, 2005, which amended the Redevelopment Plan by adding additional territory (the “2005 Added Territory”) to the area included within the Project Area, and Ordinance No. 742 on June 20, 2007, which also amended the Redevelopment Plan by adding additional territory (the “2007 Added Territory”). As used herein, “Project Area” refers to, collectively, the Original Project Area, the 2005 Added Territory, and the 2007 Added Territory. The Original Project Area consists of approximately 1,729 acres, the 2005 Added Territory consists of approximately 318 acres, and the 2007 Added Territory consists of approximately 220 acres. Land use within the Project Area includes commercial, residential, industrial, agricultural, and public uses. The Project Area is the only redevelopment project area that was established in the City.

See “THE PROJECT AREA” for additional information, including assessed valuation, land use, and property ownership within the Project Area.

### **Tax Allocation Financing**

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of monies deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act. See “SECURITY FOR THE BONDS – Tax Increment Financing” herein for additional information.

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

### **Security for the Bonds**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency had the Prior 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 Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”) pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior 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 Agency’s Recognized Obligation Payment Schedule (see “APPENDIX B – SUMMARY OF THE INDENTURE” and “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule”).

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law, as described in the foregoing paragraph.

In accordance with the Dissolution Act, “Pledged Tax Revenues” are defined under the Indenture as the monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act. If, and to the extent, that the provisions of

Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then the Indenture states that Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

The Bonds and the Existing Parity Bonds are payable from and equally and ratably secured, without preference or distinction as to Series, by the Pledged Tax Revenues to be derived from the Project Area, all of the monies in the Redevelopment Obligation Retirement Fund established and held by the Agency pursuant to the Dissolution Act, and all of the monies in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account, and the Redemption Account therein) established and held by the Trustee under the Indenture and the Existing Parity Bonds Indenture (as defined herein; see “INTRODUCTION – Outstanding Bonds”). Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the 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 County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act (see “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule”). Monies deposited by the County Auditor-Controller into the Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and the Existing Parity Bonds Indenture and administered by the Trustee in accordance therewith.

### **Outstanding Bonds**

The Bonds are being issued on a parity basis with the Prior Agency’s previously issued \$16,935,000 original aggregate principal amount City of Imperial Redevelopment Project, 2007 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$\_\_\_\_\_ (the “Existing Parity Bonds”). The Existing Parity Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 2007 (the “Existing Parity Bonds Indenture”), by and between the Agency and Wells Fargo Bank, National Association, as succeeded by the Trustee.

### **Reserve Account**

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account within the Debt Service Fund is created pursuant to the Indenture and the Existing Parity Bonds Indenture in an amount equal to the initial Reserve Requirement. “Reserve Requirement” means, as of the date of computation, an amount equal to the lesser of (i) Maximum Annual Debt Service on the Bonds and any Parity Bonds, (ii) 10% of the net proceeds of the Bonds and any Parity Bonds, or (iii) 125% of the average Annual Debt Service on all Bonds and Parity Bonds Outstanding. See “SECURITY FOR THE BONDS – Reserve Account.”

### **Further Information**

Brief descriptions of the Bonds, the Indenture, the Agency, the Prior Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Prior Agency, the Agency and the City are qualified in their entirety by reference to such documents. 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 Agency. During the period of the offering of the Bonds, copies of the forms of all documents are available at the offices of Stifel, Nicolas & Company, Inc., One Montgomery Street, 35<sup>th</sup> Floor, San Francisco, California 94104, and thereafter from the City Clerk’s office, City of Imperial, 420 South Imperial Avenue, Imperial, CA 92251.

**PLAN OF REFUNDING**

A portion of the proceeds of the Bonds will be used to currently refund and defease all of the remaining outstanding Prior Agency’s previously issued 2005 Bonds, currently outstanding in the principal amount of \$\_\_\_\_\_. See “SOURCES AND USES OF FUNDS.” Concurrently with the issuance of the Bonds, the Agency will enter into a 2005 Bonds Escrow Agreement, dated as of [December 1, 2015] (the “Escrow Agreement”), with Wilmington Trust, N.A., Costa Mesa, California, as escrow agent (the “Escrow Agent”). Under the Escrow Agreement, the Escrow Agent will create and establish an escrow fund, to be known as the 2005 Bonds Escrow Fund (the “Escrow Fund”). Amounts in the 2005 Bonds Escrow Fund will be held uninvested and will be used to pay the redemption price on the 2005 Bonds, including any accrued and unpaid interest with respect thereto, on \_\_\_\_\_, 2016. The monies deposited in the Escrow Fund will be held solely for the benefit of the holders of the 2005 Bonds and will not serve as a security or be available for payment of principal of, or interest on, or premium, if any, on the Bonds.

Sufficiency of the deposits to pay and redeem the 2005 Bonds will be verified upon delivery of the Bonds by [verification agent], [city], [state]. See “CONCLUDING INFORMATION – Verification” herein. As a result of the deposit and application of funds pursuant to the Escrow Agreement, the lien upon the Pledged Tax Revenues of the 2005 Bonds will be discharged, and the 2005 Bonds will no longer have any claim against the Pledged Tax Revenues.

**SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds for the Bonds are summarized as follows:

<u>Sources</u>	
Principal Amount of Bonds.....	\$
Plus Net Original Issue Premium .....	
2005 Bonds Funds and Accounts .....	
Total Sources .....	\$
<u>Uses</u>	
Underwriter’s Discount.....	\$
Reserve Account.....	
2005 Bonds Escrow Fund <sup>(1)</sup> .....	
Costs of Issuance Fund <sup>(2)</sup> .....	
Total Uses .....	\$

(1) An amount of moneys sufficient to provide for the payment of the principal and interest on the 2005 Bonds through \_\_\_\_\_, 2016. See “PLAN OF REFUNDING.”  
(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, trustee, printing expenses, rating fee, Verification Agent fees and expenses and other costs.



## THE BONDS

### Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Bond Law, and the Dissolution Act.

### Description of the Bonds

The Bonds will be executed and delivered as one fully-registered Bond in the denomination of \$5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner of all Bonds. See “Book-Entry System” below.

Interest on the Bonds (calculated based upon a 360-day year of twelve thirty-day months) will be payable semiannually on June 1 and December 1 of each year, commencing on [June 1, 2016] (each an “Interest Payment Date”) to the person whose name appears on the registration books as the owner thereof as of the 15<sup>th</sup> day of the month immediately preceding each such Interest Payment Date (“Regular Record Date”). Interest will 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 that appears on the registration books of the Trustee; 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 15 days prior to such Regular 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 will be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

The Bonds will be dated as of the Delivery Date and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Regular Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before [May 15, 2016], in which event it shall bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

### Book-Entry System

DTC, New York, New York, 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 D – BOOK-ENTRY ONLY SYSTEM.”

### Redemption and Purchase of Bonds

#### Optional Redemption.

The Bonds maturing on or before December 1, [2025] are not subject to optional redemption prior to maturity. The Bonds maturing on or after December 1, [2026] may be redeemed at the option of the Agency prior to maturity on any date on or after December 1, [2025] as a whole, or in part from such maturities as are selected by the Agency, and by lot within a maturity, from funds derived by the Agency

from any source, at a redemption price equal to the principal amount of the Bonds being redeemed, without premium, together with accrued interest thereon to the date of redemption.

Mandatory Sinking Account Redemption.

The Bonds maturing on December 1, 20\_\_ and December 1, 20\_\_ (the “Term Bonds”) are subject to redemption in part by lot on December 1, 20\_\_ and December 1, 20\_\_, respectively, and on December 1 in each year shown below until maturity, from sinking account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination will be given by the Agency to the Trustee):

<u>Term Bonds Maturing December 1 20__</u>	
<u>Year</u>	<u>Amount</u>
<u>(December 1)</u>	<u>                    </u>
	\$

(maturity)

<u>Term Bonds Maturing December 1 20__</u>	
<u>Year</u>	<u>Amount</u>
<u>(December 1)</u>	<u>                    </u>
	\$

(maturity)

Purchase In Lieu of Redemption. In lieu of optional or sinking account redemption of Bonds, amounts on deposit in the Redevelopment Obligation Retirement Fund (to the extent not required to be transferred to the Trustee during the current Bond Year) may also be used and withdrawn by the Agency at any time for the purchase of the Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on November 15, in any year will be credited towards and will reduce the principal amount of the Bonds otherwise required to be redeemed on the following December 1 pursuant to the Indenture.

**Notice of Redemption**

The Agency will give the Trustee written notice of its intention to optionally redeem Bonds pursuant to the Indenture at least 40 days prior to the date fixed for redemption, and will transfer to the Trustee for deposit in the Redemption Account all amounts required for such redemption at least five (5) Business Days prior to the date fixed for such redemption; provided, the Trustee may waive such requirements in its sole discretion, such notice for the sole convenience of the Trustee, upon written request of the Agency. The Trustee on behalf of and at the expense of the Agency will mail (by first class

mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories designated in a Written Request of the Agency filed with the Trustee at the time the Agency notifies the Trustee of its intention to redeem Bonds. Such mailing will not be a condition precedent to a 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 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.

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

## **SECURITY FOR THE BONDS**

### **Redevelopment Property Tax Trust Fund; Pledged Tax Revenues**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Prior 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 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 Agency will be considered indebtedness incurred by the dissolved Prior 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 provisions of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule" and "APPENDIX B – SUMMARY OF THE INDENTURE."

The Dissolution Act further provides that bonds authorized thereunder to be issued by the 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 Agency under the Dissolution Act, including the Bonds, are taxes allocated to the 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 Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective dates of the ordinance approving the Redevelopment Plan, or the effective date of the respective

ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area, as applicable, are to be divided as follows:

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

(b) *To the Prior Agency/Agency:* Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Redevelopment Plan limits following the Delivery Date, when collected will be paid into a special fund of the Prior 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 Agency to pay the debt service on indebtedness incurred by the Prior Agency or the Agency to finance or refinance the redevelopment projects of the Prior Agency.

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

The Bonds and the Existing Parity Bonds are payable from and secured by (i) an irrevocable pledge of the Pledged Tax Revenues (defined below) to be derived from the Project Area, (ii) an irrevocable pledge of all of the monies in the Redevelopment Obligation Retirement Fund established and held by the Agency pursuant to the Dissolution Act, and (iii) an irrevocable first pledge and lien on all of the monies in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account, and the Redemption Account therein) established and held by the Trustee in trust for the Bondowners under the Indenture and the Existing Parity Bonds Indenture. See “THE PROJECT AREA.”

“Pledged Tax Revenues” are defined under the Indenture as the monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act; provided, if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

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, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and the Existing Parity Bonds Indenture and administered by the Trustee in accordance with the Indenture and the Existing Parity Bonds Indenture.

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds and the Existing Parity Bonds. See "SECURITY FOR THE BONDS – Tax Increment Financing" and "– Recognized Obligation Payment Schedule" and "RISK FACTORS".

The Bonds are not a debt of the City, the State or any of its political subdivisions (except the Agency), and none of the City, the State or any of its political subdivisions (except the Agency) is liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

### **Tax Increment Financing**

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

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

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

separate project areas of a former redevelopment agency to be separated. In effect, in situations such as this, where a former redevelopment agency had established more than one redevelopment project area, the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states, “It is the intent . . . that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. However, with respect to the Bonds, the Prior Agency established only one redevelopment project area, which is the Project Area. Therefore, all of the Pledged Tax Revenues will derive solely from the Project Area, and the Agency has no obligations deriving from any project area other than the Project Area.

Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Pass-Through Amounts”). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Prior Agency, as succeeded by the Agency, (ii) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Prior Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency’s enforceable obligations, pass-through payments, and the Agency’s administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency’s enforceable obligations, pass-through payments, and the Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under for subordinated Statutory Tax Sharing Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Bonds, [and the Agency has undertaken such procedure . . . **completion of subordination process to be confirmed**]. Pursuant to the Redevelopment Law, the Agency also undertook a procedure to make Statutory Pass-Through Amounts subordinate to the Existing Parity Bonds. Therefore, Statutory Pass-Through Amounts are subordinate to the Bonds and the Existing Parity Bonds. The Agency cannot guarantee, however, that the process prescribed by the Dissolution Act

of administering the Pledged Tax Revenues and the subordinations provided in the Statutory Pass-Through Amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Bonds and the Existing Parity Bonds when due. See “RISK FACTORS – Recognized Obligation Payment Schedule.” See “THE PROJECT AREA – Statutory Pass-Throughs” for additional information regarding the Statutory Tax Sharing Amounts applicable to the Agency and the revenues derived from the Project Area.

## **Recognized Obligation Payment Schedule**

### *ROPS Process Under the Dissolution Act – Prior to Fiscal Year 2016-17*

With respect to obligations required to be paid prior to July 1, 2016, the Dissolution Act requires successor agencies to prepare and submit to the successor agency’s oversight board and the State Department of Finance for approval a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule”) before each six-month fiscal period covered by such schedule (i.e., January 1 through June 30, or July 1 through December 31). Pursuant to a Recognized Obligation Payment Schedule, enforceable obligations (as defined in the Dissolution Act) of the successor agency coming due and payable in the six-month period covered by such schedule are listed, together with the source of funds to be used to pay for each enforceable obligation.

As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year (see “APPENDIX B – SUMMARY OF THE INDENTURE – Other Covenants of the Successor Agency”).

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund and amounts held in certain funds and accounts under the Indenture, the Agency does not expect to have any other funds available to pay the Bonds.

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 Agency from the funds specified in the Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule with respect to the six-month period of January 1, 2013 through June 30, 2013 was required to be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than September 1, 2012. For each subsequent six-month period

through the six-month period ending June 30, 2016, the Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency did not submit a Recognized Obligation Payment Schedule by September 11, 2012, with respect to the Recognized Obligation Payment Schedule for the six-month period of January 1, 2013 through June 30, 2013, or by the 80<sup>th</sup> day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods commencing with the period of July 1, 2013 through December 1, 2013.

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State 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 January 2 or June 1 date of property tax distribution, as applicable. 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 Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than October 1 and April 1 of each year, as applicable. With respect to the Recognized Obligation Payment Schedule for January 1, 2016 through June 30, 2016, the County Auditor-Controller was required to provide such estimate to the Agency by October 1, 2015. [The estimate provided by the County Auditor-Controller for the amount of the property tax distribution available for allocation to the Agency's Redevelopment Property Tax Trust Fund in connection with the January 2, 2016 distribution is expected by the Agency to be sufficient for the Agency to meet its enforceable obligations for the six-month period commencing January 1, 2016 through June 30, 2016. **Agency to confirm**]

If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable (i.e., by December 1, 2015 with respect to the Recognized Obligation Payment Schedule for January 1, 2016 through June 30, 2016), that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Prior Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for Agency enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "SECURITY FOR THE BONDS – Tax Increment Financing" above.



*ROPS Process Under the Dissolution Act – Commencing to Fiscal Year 2016-17*

SB 107, enacted on September 22, 2015 and effective immediately upon its enactment, amended the Dissolution Act to transition all successor agencies from a semi-annual Recognized Obligation Payment Schedule process to an annual Recognized Obligation Payment Schedule process, commencing with the Recognized Obligation Payment Schedule for the period from July 1, 2016 through June 30, 2017. However, distributions from the Redevelopment Property Tax Trust Fund will continue to be made by the County Auditor-Controller to successor agencies (and tax sharing entities) each January 2 and June 1, within each annual Recognized Obligation Payment Schedule period.

Commencing with the Recognized Obligation Payment Schedule for the period from July 1, 2016 through June 30, 2017, the Agency is required to submit each annual Recognized Obligation Payment Schedule, after approval by the Oversight Board, to the County Auditor-Controller and the State Department of Finance no later than February 1, 2016, and each February 1 thereafter for subsequent annual Recognized Obligation Payment Schedules. For each annual Recognized Obligation Payment Schedule, the State Department of Finance must make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15 (commencing April 15, 2016 with the Recognized Obligation Payment Schedule for the period from July 1, 2016 through June 30, 2017). Within five business days of the determination by the State Department of Finance, the Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any, except those that are the subject of litigation disputing the department's previous or related determination. The State Department of Finance must 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, with respect to items disputed on the originally submitted annual Recognized Obligation Payment Schedule.

Once per Recognized Obligation Payment Schedule period, and no later than October 1 of the applicable year, the Agency may submit one amendment to the annual Recognized Obligation Payment Schedule previously approved by the State Department of Finance, if the Oversight Board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (i.e., during January 1 through June 30), and the Agency may only amend the amount requested for payment of approved enforceable obligations. The State Department of Finance must notify the Agency and the County Auditor-Controller as to the outcome of its review of a requested amendment to an approved annual Recognized Obligation Payment Schedule at least 15 days before the applicable property tax distribution date.

If the Agency does not submit an annual Recognized Obligation Payment Schedule by the February 1 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 State Department of Finance. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an annual Recognized Obligation Payment Schedule within 10 days after the February 1 deadline.

SB 107 does not change the dates by which the County Auditor-Controller must provide an estimate of property tax revenues to be allocated to the Redevelopment Property Tax Trust Fund in the upcoming six-month period pertaining to a January 1 or June 2 distribution and pass-through payments for such period. SB 107 also does not change the dates by which the Agency must report an anticipated insufficiency in the total amount available to the Agency for such a six-month period to fund the payment of pass-through obligations, for Agency enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Agency's administrative cost allowance. See "*– Recognized Obligation Payment Schedule – ROPS Process Under the Dissolution Act – Prior to Fiscal Year 2016-17*" above.

At the option of a successor agency and beginning January 1, 2016, the Dissolution Act allows a successor agency to submit a “Last and Final ROPS” for approval by the oversight board. The following conditions must be met: (i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements and contracts, (ii) all remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by the State Department of Finance, and (iii) the successor agency is not a party to outstanding or unresolved litigation. The State Department of Finance will have 100 days to review a Last and Final ROPS submitted for approval. The State Department of Finance may make changes to the Last and Final ROPS with the successor agency’s agreement or issue a letter denying the Last and Final ROPS. If the State Department of Finance approves the Last and Final ROPS, it will establish the maximum amount of Redevelopment Property Tax Trust Fund to be distributed to the successor agency for each remaining fiscal year until the obligations have been fully paid. The successor agency can submit no more than two requests to amend an approved Last and Final ROPS. The oversight board must first approve each amendment request, and the State Department of Finance will then have 100 days to approve or deny the request. After the State Department of Finance approves Last and Final ROPS, the successor agency will no longer prepare or submit Recognized Obligation Payment Schedules, and the county auditor-controller will make distributions from the Redevelopment Property Tax Trust Fund to the successor agency pursuant to the Last and Final ROPS in a prescribed order of priority until the aggregate amount of property tax allocated to the successor agency equals the total outstanding obligation approved in the Last and Final ROPS.

Amounts Received for Prior ROPS Periods

The Agency timely submitted to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller its Oversight Board-approved Recognized Obligation Payment Schedules for each six-month period commencing with the six-month period for January 1, 2013 through June 30, 2013 and through the six-month period for January 1, 2016 through June 30, 2016 **[to confirm for ROPS 15-16B]**, with the following exceptions:

- *July 1, 2013 through December 31, 2013.* The Agency did not submit an Oversight Board-approved Recognized Obligation Payment Schedule for this period. Notwithstanding this failure, the State Department of Finance provided a letter to the County Auditor-Controller, dated May 17, 2013, authorizing the County Auditor-Controller to distribute to the Agency an amount not to exceed \$1,057,315, which the State Department of Finance concluded from prior Recognized Obligation Payment Schedules to be the December 1, 2013 debt service payment on the 2007 Bonds (but which was actually the annual debt service payable on the 2007 Bonds for the Bond Year ended December 1, 2013).

The actual, combined debt service payment due on December 1, 2013, between the 2005 Bonds and the 2007 Bonds, was in the amount of \$1,075,064.39 (consisting of \$373,906.88 due on December 1, 2013 for the 2005 Bonds, and \$701,157.51 due on December 1, 2013 for the 2007 Bonds). As shown in the table below, the County-Auditor Controller disbursed \$843,563.00 to the Agency with respect to this period. The Agency paid the remaining balance of the \$1,075,064.39 debt service payments due on December 1, 2013 for the 2005 Bonds and the 2007 Bonds with \_\_\_\_\_ **[Agency to provide completing information]**.

- *January 1, 2014 through June 30, 2014.* The Agency submitted the Recognized Obligation Payment Schedule for this period seven days late. However, the State Department of Finance did not impose any civil penalty on the City due to this late submission. Also, no reduction was made to the Agency’s administrative cost allowance, because the submission was

submitted before the 80<sup>th</sup> day preceding the June 2 distribution date of monies from the Redevelopment Property Tax Trust Fund (i.e., fewer than ten days late).

Pursuant to this process, the Agency received the following amounts for its enforceable obligations for corresponding six-month periods, which include the principal and interest payments on the Existing Parity Bonds, the Refunded Bonds, and other bonds issued by the Prior Agency secured by revenues other than the Pledged Tax Revenues:

ROPS	Six-Month ROPS Period	Distribution to Agency from Redevelopment Property Tax Trust Fund
ROPS I	February 1, 2012 – June 30, 2012	\$ 264,642.85
ROPS II	July 1, 2012 – December 31, 2012	94,868.07
ROPS III	January 1, 2013 – June 30, 2013	699,103.43
ROPS 13-14A	July 1, 2013 – December 31, 2013	843,563.00
ROPS 13-14B	January 1, 2014 – June 30, 2014	1,022,779.67
ROPS 14-15A	July 1, 2014 – December 31, 2014	892,192.50
ROPS 14-15B	January 1, 2015 – June 30, 2015	786,541.15
ROPS 15-16A	July 1, 2015 – December 31, 2015	_____

*Source: Successor Agency to the City of Imperial Redevelopment Agency.*

For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see “RISK FACTORS – Recognized Obligation Payment Schedule.”

*Statutory Limitations on Review of Bonds on ROPS by DOF*

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior 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 Agency’s Recognized Obligation Payment Schedule. Section 34177.5(f) of the Dissolution Act additionally provides that if the State Department of Finance has requested review of the Oversight Board Resolution and, after review, has approved the resolution, the scheduled payments on the Bonds shall be listed in the Recognized Obligation Payment Schedule and will not be subject to further review and approval by the State Department of Finance or the State Controller.

*Covenant to Include Debt Service on ROPS*

The Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include:

(i) scheduled debt service on the Bonds and the Existing Parity Bonds and any amount required under the Indenture or the Existing Parity Bonds Indentures to replenish the Reserve Account established thereunder, and

(ii) amounts due to any Bond Insurer under an insurance or surety bond agreement,

in Recognized Obligation Payment Schedules for each annual period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year, or such other period as provided in the Dissolution Act (a “ROPS Period”), so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay

principal of, and interest on, the Bonds and Existing Parity Bonds coming due in the respective ROPS Period and to pay amounts owed to any Bond Insurer, as well as the other amounts set forth above.

In order to accomplish the foregoing, on or before each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds or Existing Parity Bonds are outstanding, the Successor Agency covenants in the Indenture to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller that shall include (i) all debt service due on the Bonds and the Existing Parity Bonds coming due during the applicable ROPS Period as well as all amounts due and owing to any Bond Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture or the Existing Parity Bonds Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the Bond Insurer under the Indenture).

In the event the provisions set forth in the Dissolution Act that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees in the Indenture to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and the Existing Parity Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of all debt service due during each calendar year on all Outstanding Bonds and Existing Parity Bonds prior to June 1 of such calendar year.

See “ – Outstanding Obligations” and “APPENDIX B – SUMMARY OF THE INDENTURE – Other Covenants of the Successor Agency”.

### **Redevelopment Obligation Retirement Fund; Debt Service Fund**

Under the Dissolution Act, the Agency has previously established a special trust fund called the Redevelopment Obligation Retirement Fund (the “Redevelopment Obligation Retirement Fund”), which is held by the Agency and into which the County Auditor-Controller distributes property tax revenues each January 2 and June 1 from the Redevelopment Property Tax Trust Fund for the payment by the Agency of enforceable obligations pursuant to the Recognized Obligation Payment Schedule.

The Indenture continues a special trust fund known as the “Debt Service Fund,” with accounts therein referred to below, which will be held by the Trustee. The Agency will deposit all of the Pledged Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Agency, and promptly thereafter shall transfer amounts received therein first, to the Debt Service Fund established and held by the Trustee under the Indenture and the Existing Parity Bonds Indentures until such time during such Bond Year as the amounts so transferred to the Debt Service Fund under the Indenture and the Existing Parity Bonds Indentures equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account of the Debt Service Fund in such Bond Year pursuant to the Indenture and the Existing Parity Bonds Indentures, and second, for deposit in such Bond Year in the funds and accounts established with respect to any Additional Parity Bonds, as provided in any Supplemental Indenture.

See “APPENDIX B – SUMMARY OF THE INDENTURE.”

### **Reserve Account**

A Reserve Account will be maintained in the Debt Service Fund established and held by the Trustee under the Indenture for the Bonds and any Parity Bonds in an amount equal to the Reserve Requirement. “Reserve Requirement” means, as of the date of computation, an amount equal to the lesser

of (i) Maximum Annual Debt Service on the Bonds and any Parity Bonds, (ii) 10% of the net proceeds of the Bonds and any Parity Bonds, or (iii) 125% of the average Annual Debt Service on all Bonds and Parity Bonds Outstanding. Subject to the Indenture, all money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account (and subaccounts therein, as the case may be), in such order of priority, in the event of any deficiency at any time in any of such accounts, or for the retirement of all the Bonds then outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before the 5th Business Day preceding June 1 and December 1 by the Trustee and deposited in the Interest Account. The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument, or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. See “APPENDIX B - SUMMARY OF THE INDENTURE.”

Under the Indenture, “Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) the long-term credit rating of such bank or insurance company is A+ or better from S&P or A1 or better from Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the amount Interest Account and the Principal Account for the purpose of making payments required pursuant to the Indenture.

### **Outstanding Bonds**

*Existing Parity Bonds.* The Bonds are being issued on a parity basis with the Existing Parity Bonds, which consist of the Agency’s previously issued 2007 Bonds, outstanding in the principal amount of \$\_\_\_\_\_.

### **Additional Parity Bonds**

Under the Indenture, in addition to the Bonds and the Existing Parity Bonds and subject to the requirements of the Existing Parity Bonds Indentures, the Agency may issue or incur additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) secured by a pledge and lien on Pledged Tax Revenues on a parity with the Bonds and the Existing Parity Bonds (“Additional Parity Bonds”) in such principal amount as shall be determined by the Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Agency and Trustee and for such purposes as are permitted under the Dissolution Act, including without limitation Section 34177.5 thereof.

Section 34177.5 of the Dissolution Act presently permits successor agencies to issue bonds or incurring other indebtedness secured by property tax revenues comprised of former tax increment and required to be deposited into the respective Redevelopment Property Tax Trust Fund for the applicable successor agency under limited circumstances:

- (i) to provide savings to the successor agency;
- (ii) for the purpose of financing debt service spikes, including balloon maturities; provided, (A) the existing indebtedness is not accelerated, except to the extent

necessary to achieve substantially level debt service, and (B) the principal amount of the refunding bonds or the indebtedness will not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance;

(iii) for the purpose of amending an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, when such amendment is in connection with a refunding of the bonds or other obligations of the separate political subdivision so that the enforceable obligation will apply to the refunding obligations of the political subdivision; or

(iv) for the purpose of making payments under an existing enforceable obligation when the enforceable obligation includes the irrevocable pledge of property tax increment (i.e., formerly tax increment revenues prior to the effective date of the Dissolution Act) or other funds and the obligation to issue bonds secured by that pledge.

When bonds are issued pursuant to the situations contemplated in clauses (i) and (iii), the following two constraints apply to the size of the financing: (A) the total interest cost to maturity on the refunding bonds or indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or the indebtedness will not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, having the same lien priority as the pledge of the bonds or other obligations to be refunded.

Subject to the foregoing, the Agency may at any time after the issuance and delivery of the Bonds issue Additional Parity Bonds payable from and secured by a lien and charge upon the Pledged Tax Revenues on a parity with the lien and charge securing the Bonds; provided that the following additional conditions, which are set forth in the Indenture, are satisfied:

(a) The Agency is in compliance with all covenants set forth in the Indenture and the Existing Parity Bonds Indentures;

(b) The Oversight Board has approved the issuance of such Parity Bonds;

(c) The Additional Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with this Indenture, and the Existing Parity Bonds Indentures, and (ii) the deposit of moneys or reserve surety policies into the Reserve Account in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Existing Parity Bonds and the Additional Parity Bonds;

(d) Receipt of a certificate or opinion of an Independent Financial Consultant stating:

(i) For the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds, the Existing Parity Bonds and Additional Parity

Bonds reasonably expected to be outstanding following the issuance of the Additional Parity Bonds;

- (ii) For the then current Fiscal Year, the Pledged Tax Revenues to be received by the Successor Agency based upon the most recently certified assessed valuation of taxable property in the Project Area provided by the appropriate officer of the County;
- (iii) For each future Fiscal Year, the Pledged Tax Revenues referred to in item (ii) together with (a) the amount determined in accordance with Section 51(a) of the California Revenue and Taxation Code and (b) the amount of Pledged Tax Revenues to be payable with respect to construction completed but not yet on the tax roll, and taking into account the expiration of the time to receive Pledged Tax Revenues with respect to any portion of the Project Area and any amounts to be paid pursuant to the Statutory Pass-Through Amounts; and.
- (iv) That for the then current Fiscal Year, the Pledged Tax Revenues referred to in item (ii) and for each future Fiscal Year the Pledged Tax Revenues referred to in item (iii) are at least equal to the sum of 125% of the Maximum Annual Debt Service with respect to amounts referred to in item (i) above (excluding debt service with respect to any portion of the Additional Parity Bonds deposited in an escrowed proceeds account to the extent such debt service is paid from earnings on the investment of such funds), and, for the then current Fiscal Year, 100% of Annual Debt Service with respect to any subordinate debt and that the Successor Agency is entitled under the Dissolution Act, the Law and the Redevelopment Plan to receive taxes under Section 33670 of the Law in an amount sufficient to meet expected debt service with respect to all Bonds, Existing Parity Bonds and Additional Parity Bonds.

(e) The Additional Parity Bonds will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Additional Parity Bonds until the next succeeding June 1 or December 1) provided, however, nothing herein shall preclude the Successor Agency from issuing and selling Additional Parity Bonds which do not pay current interest.

### **Bonds Not a Debt of the City of Imperial or the State of California**

The Bonds are special obligations of the Agency and as such are not a debt of the City, the State or any of its political subdivisions other than the Agency. Neither the City, the State nor any of its political subdivisions other than the Agency is liable for the payment thereof. In no event shall the Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds.

### **THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY**

The Prior Agency was activated on August 6, 1980 by the City Council of the City with the adoption of Ordinance No. 482, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit 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 Prior 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.

On January 10, 2012, pursuant to Resolution No. 2012-02 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as successor agency to the Prior Agency to assume the successor functions under the Dissolution Act. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Prior Agency will not be transferred to the City nor will the assets of the Prior Agency become assets of the City.

The Agency is governed by a five-member governing board (the “Board”) which consists of the members of the City Council of the City of Imperial. The Mayor acts as the chair of the Board, the City Manager as its chief executive officer, the City Clerk as its secretary, and the Director of Administrative Services of the City as the chief financial officer of the Agency.

**Members and Officers**

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

<u>Name and City Office</u>	<u>Expiration of Term</u>
Mark Gran, <i>Mayor</i>	November 2016
Doug Cox, <i>Mayor Pro-Tem</i>	November 2016
Geoff Dale, <i>Council Member</i>	November 2018
Betty Sampson, <i>Council Member</i>	November 2018
James Tucker, <i>Council Member</i>	November 2016

**Agency Powers**

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

Under a State initiative enacted in 1974, public officials are required to make extensive disclosures regarding their financial interests by filing such disclosures as public records. As of the date of this Official Statement, the members of the City Council and the Agency, and other City and Agency officials have made the required filings.

Previously, Section 33675 of the Redevelopment Law required the Prior Agency to file not later than the first day of October of each year with the County Auditor a statement of indebtedness certified



by the chief fiscal officer of the Prior Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Prior 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 to the Prior Agency could not exceed the amounts shown on the Prior Agency's statement of indebtedness. The Dissolution Act eliminates 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 FOR THE BONDS – Recognized Obligation Payment Schedule").

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

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

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

The 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 the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Agency from the Project Area.

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation several times but in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2 percent limitation, but for Fiscal Years 2012-13 and 2013-14, the inflationary value adjustment was 2.00%, which is the maximum permissible increase under Article XIII A. For Fiscal Year 2014-15, the inflationary value adjustment was 0.454%, and for Fiscal Year 2015-16, the inflationary value adjustment is 1.998%. The 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.

### **Development Risks**

The general economy of the Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations 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 operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values they could cause a reduction in Pledged Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able

or less willing to make timely payments of property taxes causing a delay or stoppage of the Pledged Tax Revenues received by the 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 Agency.

### **Levy and Collection of Taxes**

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the Existing Parity Bonds and 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 Agency's ability to make timely payments on the Existing Parity Bonds and 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 Agency's ability to pay the principal of and interest on the Existing Parity Bonds and the Bonds.

### **State Budget Issues**

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively. The 2011-12 State budget included projected State savings estimated to aggregate \$1.7 billion in 2011-12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate \$1.7 billion in payments to K-12 schools. However, in December 2011, AB X1 27 was found by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012-13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of \$1.5 billion).

On June 19, 2015, the Governor signed into law the State budget for Fiscal Year 2015-16 (the "2015-16 State Budget"). The following information is drawn from the State Department of Finance's summary (the "2015-16 Budget Summary") of the 2015-16 State Budget. The 2015-16 State Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for Fiscal Year 2015-16. For Fiscal Year 2014-15, the 2015-16 State Budget projects total State general fund revenues of \$111 billion, and total State general fund expenditures of \$114 billion. The 2015-16 State Budget projects that the State will end the 2014-15 Fiscal Year with a \$2.4 billion general fund surplus. For Fiscal Year 2015-16, the 2015-16 State Budget projects total state general fund revenues of \$115 billion and total State general fund expenditures of \$115, leaving the State with a projected general fund surplus for Fiscal Year 2015-16 of approximately \$2.09 billion.

The State's budgets for fiscal years 2013-14 and 2014-15 did not include any additional legislation dealing with dissolution of redevelopment agencies. Although no trailer bills affecting or amending the Dissolution Act were passed at or around the time the 2015-16 State Budget was adopted, SB 107 was subsequently approved by both houses of the State Legislature on September 11, 2015 and signed by the Governor into law on September 22, 2015. SB 107 was styled and enacted as a bill related to the State's 2015-16 State Budget.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or pledged Tax Revenues.

The full text of each State Assembly or Senate bill cited above may be obtained from the “Official California Legislative Information” website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://www.leginfo.ca.gov/bilinfo.html>.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2015-16 Budget Summary, the current State budget, and other documents related to the State budget may be found at the website of the State Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov). A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

*None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the 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. See “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule” and “PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule.” In the event the Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Agency could be adversely affected for such period.

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

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 (as described above under “SECURITY FOR THE BONDS – Tax Increment Financing”) and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the 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 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 Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include:

(i) scheduled debt service on the Bonds and the Existing Parity Bonds and any amount required under the Indenture or the Existing Parity Bonds Indentures to replenish the Reserve Account established thereunder, and

(ii) amounts due to any Bond Insurer under an insurance or surety bond agreement,

in Recognized Obligation Payment Schedules for each annual period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year, or such other period as provided in the Dissolution Act (a “ROPS Period”), so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and Existing Parity Bonds coming due in the respective ROPS Period and to pay amounts owed to any Bond Insurer, as well as the other amounts set forth above.

In order to accomplish the foregoing, on or before each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds or Existing Parity Bonds are outstanding, the Successor Agency covenants in the Indenture to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller that shall include (i) all debt service due on the Bonds and the Existing Parity Bonds coming due during the applicable ROPS Period as well as all amounts due and owing to any Bond Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture or the Existing Parity Bonds Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the Bond Insurer under the Indenture).

In the event the provisions set forth in the Dissolution Act that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees in

the Indenture to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and the Existing Parity Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of all debt service due during each calendar year on all Outstanding Bonds and Existing Parity Bonds prior to June 1 of such calendar year.

See “APPENDIX B – SUMMARY OF THE INDENTURE”.

The Dissolution Act, as amended by AB 1484, also provides for certain penalties in the event the Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule is required to be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution; provided, the Recognized Obligation Payment Schedule with respect to the six-month period of January 1, 2013 through June 30, 2013 was required to be submitted no later than September 1, 2012. If the Agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Dissolution Act provides that the Agency’s administrative cost allowance is reduced by 25% for that period if the Agency does not submit a Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable. These provisions apply to the semi-annual Recognized Obligation Payment Schedule process in effect until annual Recognized Obligation Payment Schedules are required (which commence with the annual Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 – see “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule”).

Similarly, with respect to annual Recognized Obligation Payment Schedules required by amendments to the Dissolution Act made by SB 107, if the Agency does not submit an annual Recognized Obligation Payment Schedule by the February 1 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 State Department of Finance. Additionally, the Agency’s administrative cost allowance is reduced by 25% if the Agency does not submit an annual Recognized Obligation Payment Schedule within 10 days after the February 1 deadline.

For a discussion of the Agency’s history with respect to submittals of Recognized Obligation Payment Schedules, see “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule – Amounts Received for Prior ROPS Periods.”

#### **AB 1484 Penalty for Failure to Remit Unencumbered Funds**

AB1484 further implements certain provisions of ABX1 26, including establishing a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process is commonly known as the “due diligence review process” and was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Within five business days of receiving notification from the State Department of Finance, the Agency must remit to the county auditor-controller the amount of unobligated balances determined by the State Department of Finance, or it may request a meet and confer with the State Department of Finance to resolve any disputes. If there is a meet and confer process, the Agency must remit the amount of unobligated balances within five working days of receiving a

subsequent notification from the State Department of Finance of the amount of unobligated balances at the conclusion of that process.

If the Agency fails to remit the amounts determined by the State Department of Finance by the respective deadlines, certain penalties and remedies apply under AB 1484. Among such penalties and remedies, if the city that established the redevelopment agency is performing the duties of the successor agency, the State Department of Finance may order an offset to the city's sales and use tax revenues equal to the amount the successor agency fails to remit. If the State Department of Finance does not order an offset, the county auditor-controller may reduce the property tax allocation of the city. Alternatively or in addition to the remedies discussed in the foregoing sentences, the State Department of Finance may direct the county auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 of the Dissolution Act until the amounts required to be remitted are paid.

Pertinent to the Bonds, if the Agency were to fail to remit to the County Auditor-Controller the amounts of unobligated balances determined by the State Department Finance within the time frames required under AB 1484, the State Department of Finance may direct the County Auditor-Controller to deduct the unpaid amount from future allocations of Pledged Tax Revenues to the Agency under Section 34183 of the Dissolution Act until the amounts required to be remitted are paid.

As to affordable housing funds, the Agency completed the due diligence review process. The State Department of Finance issued a letter to the Agency, dated November 9, 2012, making some adjustments and concluding that the Agency had \$229,750 in unencumbered affordable housing fund balances available for distribution to taxing entities. As to non-housing funds, the Agency has also completed the due diligence review process. After meeting and conferring with the Agency, the State Department of Finance issued a letter to the Agency, dated February 6, 2014, making some adjustments and concluding that the Agency had \$4,736,096 in unencumbered non-housing fund balances available for distribution to taxing entities.

On May 11, 2015, the State Department of Finance issued to the Agency a "finding of completion," which confirms that the Agency has, among other things, paid in full the amounts determined during the due diligence reviews and the County Auditor-Controller has reported those payments to the State Department of Finance. Accordingly, based on this finding of completion, neither the Agency nor the City are subject to any AB 1484 penalties for a failure to remit unencumbered funds pursuant to the due diligence review process.

### **Bankruptcy and Foreclosure**

The payment of property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. 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 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 Existing Parity Bonds and the Bonds.

## **Estimated Revenues**

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the Existing Parity Bonds and the Bonds, the 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 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 Existing Parity Bonds and 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 Existing Parity Bonds and the Bonds.

## **Hazardous Substances**

An 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 a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. If this situation were to occur with property within the Project Area, the costs of remedying it could reduce the marketability and taxable value of the property.

## **Natural Calamities**

From time to time, the City is subject to natural calamities that may adversely affect economic activity in the City. The City, like most communities in California, is in an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. According to the Safety Element of the City's General Plan, the principal geologic hazards in the City are related to impacts caused by earthquakes. The entire Imperial Valley area is impacted by various fault systems. The Imperial Fault is located a few miles east of the existing City limits and is the nearest fault to the City. The San Andreas Fault zone is located near the western boundary of the Algodones Dunes Sand Hills approximately 30 miles east of the City. The San Andreas Fault is a major fault that extends northward toward the San Francisco Bay area.

As described in the Safety Element of the City's General Plan, seismic disturbances in the City occur on a relatively frequent basis, with widely varying magnitudes, ranging from minor disturbances that are barely detectable (magnitude 1-3 on the Richter Scale) to moderate and major earthquakes (magnitudes 4-8 on the Richter Scale). The Safety Element identifies ground shaking generally having greatest amount of seismic impact on the City; most of the problems associated with earthquakes in the City are because of the proximity to numerous faults and from poor land development practices. Because of faults within the area near the City, surface rupture is considered a possible hazard. However, due to the City's relatively flat topography, the City is not susceptible to ground failures such as landslides or mudslides.

There are no identified floodplains within the City and surrounding planning area, according to the Safety Element of the City's General Plan. As a result, the risk of flooding in the City is mostly localized, concentrated in streets and intersections within low lying areas, and can be minimized with adequate drainage systems.

Drought conditions in Southern California in recent years, combined with higher than average temperatures, have created conditions that are from time to time more conducive to wildfires. According to the California Department of Forestry and Fire Protection, however, of the 149 fires listed by the



department on its website as major fire incidents in calendar year 2015 through October 4, 2015, none of them occurred in Imperial County. In any event, the City has policies and programs in place, such as a fire hazard inspection program, brush clearance requirements for private property owners, burn permit requirements for agricultural fields, and fire protection requirements for new developments to address wildland and urban fire risks.

The occurrence of a natural calamity, such as an earthquake, a drought, a flood, or any other disaster, could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the Existing Parity Bonds and the Bonds. For more information regarding natural calamities in the area of the City, see the Safety Element of the City's General Plan, on file with the Imperial City Clerk.

### **Changes in the Law**

There can be no assurance that the California 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 Agency's ability to pay debt service on the Existing Parity Bonds and the Bonds.

### **Investment Risk**

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX B attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the 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 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.

Further, the Agency cannot predict the effects on the receipt of Pledged Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See "RISK FACTORS – Bankruptcy and Foreclosure."

### **Additional Obligations**

The potential for the issuance of additional Parity Bonds could, in certain circumstances, increase the risks associated with the Agency's payment of debt service on the Existing Parity Bonds and the Bonds in the event of a decrease in the Agency's collection of Pledged Tax Revenues. However, Section 34177.5 of the Dissolution Act provides limited authority for successor agencies to issue bonds, and the Agency's ability to issue additional Parity Bonds is subject to the requirements of the Dissolution Act as in effect from time to time. For additional information, see described "SECURITY FOR THE BONDS – Additional Parity Bonds."

### **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.

### **No Validation Proceeding Undertaken**

California 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, California 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 Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The 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 thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving the financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on October 25, 2014.

It is possible that a lawsuit challenging the Dissolution Act or specific provisions thereof could be successful and that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Pledged Tax Revenues to the Agency for payment on the Existing Parity Bonds and the Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the Existing Parity Bonds and the Bonds.

However, the Indenture additionally provides that if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act (upon which the distribution of Pledged Tax Revenues to the Agency rely) are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Additionally, 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 raise issues regarding the unconstitutional impairment of contracts or an unconstitutional taking without just compensation. The Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Agency and the availability of Pledged Tax Revenues for the payment of debt service on the Existing Parity Bonds and the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Agency does not guarantee that any lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Agency’s ability to timely pay debt service on the Bonds or the Existing Parity Bonds.

## Loss of Tax-Exemption

As discussed under the caption “CONCLUDING INFORMATION – Tax Exemption,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

## PROPERTY TAXATION IN CALIFORNIA

### Property Tax Collection Procedures

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

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

*Collections.* 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 Years 2012-13, 2013-14 and 2014-15, the County's administrative charge to the Agency for the Project Area was, respectively, \$ \_\_\_\_\_, \$ \_\_\_\_\_ and \$ \_\_\_\_\_. For Fiscal Year 2015-16, the County's administrative charge to the Agency is expected to be \$ \_\_\_\_\_ for the Project Area.

*Negotiated Pass-Through Agreements.* Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. Because the Project Area was established subsequent to 1994, after the authority to enter into negotiated pass-through agreements was eliminated, there are no negotiated pass-through agreements with respect to the Project Area.

*Statutory Pass-Throughs.* The payment of Statutory Pass-Through Amounts (defined in APPENDIX B) with respect to the Project Area results from plan amendments which add territory in existing project areas on or after January 1, 1994. The calculation of the amount due affected taxing entities in the Project Area is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "THE PROJECT AREA – Statutory Pass-Throughs" and "SECURITY FOR THE BONDS – Tax Increment Financing" 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 Agency from the funds specified in

the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the 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. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule" and "RISK FACTORS – Recognized Obligation Payment Schedule."

### **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 XIII A of the State Constitution**

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

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

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

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

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

Proposition 60 amended Article XIII A to permit the 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 XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

### **Appropriations Limitation - Article XIII B**

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

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

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

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The 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 Prior Agency or the 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 – Largest Taxpayers" for information regarding the assessed valuations of the top ten property owners within 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 XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

It is possible that reductions undertaken by the County Assessor or requested by a property owner pursuant to Proposition 8 will reduce the assessed valuation of property in the Project Area and, therefore,

Pledged Tax Revenues that secure the Bonds. See “PLEDGED REVENUES – Schedule of Historical Incremental Revenues” and “APPENDIX G – FINANCIAL ADVISOR’S REPORT.”

### **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 XIIC and XIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIIC 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 XIIA, Article XIIB, Article XIIC and Article XIID 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 Agency revenues or the Agency’s ability to expend revenues.

## **THE PROJECT AREA**

Pursuant to the Redevelopment Law, the City Council, on behalf of the Prior Agency, established one redevelopment project within the City, the City of Imperial Redevelopment Project Area, which generates Pledged Tax Revenues that are pledged to the repayment of the Bonds, and which is referred to herein as the “Project Area.”

### **General**

The Original Project Area was established on June 19, 2002, the 2005 Added Territory was added to the Project Area on July 20, 2005, and the 2007 Added Territory was added to Project Area on June 20, 2007. The Original Project Area consists of approximately 1,729 acres, the 2005 Added Territory consists of approximately 318 acres, and the 2007 Added Territory consists of approximately 220 acres, totaling approximately 2,267 acres for the Project Area.

See “– Limitations and Requirements of the Redevelopment Plan” below.

### **Limitations and Requirements of the Redevelopment Plan**

In 1993, the State legislature passed AB 1290, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying: 1) the last date to incur debt for a redevelopment project; 2) the last date to undertake redevelopment activity within a project area; and 3) the last date to collect tax increment revenue from a project area to repay debt. In general, a redevelopment plan for a redevelopment project created after January 1, 1994 (such as the Project Area) may terminate not more than 30 years following the date of original adoption; loans, advances, and indebtedness may not be incurred later than 20 years following the date of original adoption; and tax increment may be received, and indebtedness may be repaid, during a period extending



not more than 15 years following the date of termination of the redevelopment plan. The Redevelopment Plan provides for the following time limitations:

1. Establishing loans, advances and indebtedness: The Agency may not establish loans, advances or indebtedness after June 19, 2022 with respect to the Original Project Area, July 20, 2025 with respect to the 2005 Added Territory, and June 20, 2027 with respect to the 2007 Added Territory (except for refinancing, refunding or restructuring of existing indebtedness where the indebtedness is not increased and the time for repayment is not extended, and certain housing obligations).

2. Termination of the Redevelopment Plan. The Redevelopment Plan for the Original Project Area terminates on June 19, 2032, for the 2005 Added Territory on July 20, 2035, and for the 2007 Added Territory on June 20, 2037.

3. Payment of indebtedness and receipt of property taxes: The Agency may not pay indebtedness or receive property taxes after June 19, 2047 with respect to the Original Project Area, after July 20, 2050 with respect to the 2005 Added Territory, and after June 20, 2052 with respect to the 2007 Added Territory.

In addition, the total bonded indebtedness outstanding with respect to the Project Area at any one time may not exceed \$125,000,000.

SB 107 amended the Dissolution Act with new provisions stating that for the purposes of the payment of enforceable obligations defined by Section 34171(d)(1)(A) through (G) of the Dissolution Act (which include the Bonds and the Existing Parity Bonds), and for no other purpose whatsoever, the Agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law (including plan limits on the receipt of property taxes and the repayment of indebtedness, and on the maximum amount of tax dollars that may be allocated to the agency under the redevelopment plan, but excluding the limit on total bonded indebtedness). It is not known with certainty how the County Auditor-Controller and the State Department of Finance will actually implement this provision. In any event, however, the last maturity of the Bonds occurs prior to the Redevelopment Plan limits described above on the payment of indebtedness and receipt of property taxes.

### **Statutory Pass-Throughs**

Assembly Bill No. 1290, enacted on October 8, 1993 as Chapter 942, Statutes of 1993, and effective January 1, 1994, eliminated the statutory authority for negotiated pass-through agreements and provided a formula, pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, for mandatory tax sharing applicable to projects adopted after January 1, 1994 or amended after that date to add territory (“Added Territory Amendment”).

AB 1290 also added a maximum outside time limit on the establishment of loans, advances and indebtedness. Plans adopted prior to January 1, 1994 with existing time limits that were shorter than what was allowable under AB 1290 could extend such time limits to such limits allowable under AB 1290; however, such time limit extensions could trigger payments to the affected taxing agencies, which do not otherwise have a negotiated pass-through agreement, pursuant to Section 33607.7 of Redevelopment Law (and through it Section 33607.5) of the Redevelopment Law. In addition, the Redevelopment Law was subsequently amended by SB 211 in 2001 (see “PROPERTY TAXATION IN CALIFORNIA – Redevelopment Time Limits”) to allow agencies to eliminate such time limit on the establishment of loans, advances and indebtedness provided that the Agency makes payment to the affected taxing agencies, which do not otherwise have a negotiated pass-through agreement, pursuant to Section 33607.7 of Redevelopment Law (and through it Section 33607.5) of the Redevelopment Law. Such increases or

eliminations of time limits are referred to herein as a “Time Limit Amendment.” The Agency did not implement any Time Limit Amendments.

As to Added Territory Amendments, the Statutory Pass-Through Amounts are paid to all affected taxing agencies with respect to the 2005 Added Territory and the 2007 Added Territory. In addition, under the Redevelopment Law, the Statutory Pass-Through Amounts were paid, in both cases, after deducting the amount required to be deposited in the Low and Moderate-Income Housing Fund. The Dissolution Act preserves this calculation method, stating that the amount of pass-through payments computed for distribution by the County Auditor-Controller to the taxing entities, such as the Statutory Pass-Through Amounts, will be computed as though the requirement to set aside funds for the Low and Moderate Income Housing Fund were still in effect.<sup>1</sup>

The formula Statutory Pass-Through Amounts is described in Section 33607.5 of the Redevelopment Law and is, generally, as follows:

1. commencing in the first fiscal year after the limitation has been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 25% of tax increment 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;

2. in addition to amounts payable as described in (a) above, commencing in the 11th fiscal year after the limitation has been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 21% of tax increment 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

3. in addition to amounts payable, as described in (a) and (b) above, commencing in the 31st fiscal year after the limitation has been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 14% of tax increment 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.

---

<sup>1</sup> The Dissolution Act states that commencing on its effective date, all provisions of the Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies shall be inoperative. According to guidance provided by the State Department of Finance (“DOF”), and currently available on the DOF’s website at [ww.dof.ca.gov](http://ww.dof.ca.gov), DOF states that the 20% low-moderate income housing set-aside is no longer made, except for funds which would have been deposited into the Low and Moderate Income Housing Fund to pay for enforceable housing obligations, such as payments for housing bond debt service, which should be placed on the Recognized Obligation Payment Schedule. The periodic deposits by the County Auditor-Controller to the Redevelopment Property Tax Trust Fund are equivalent in amount to the tax increment revenues formerly allocated under the Redevelopment Law to the Prior Agency (including former housing set-aside), less permitted administrative costs of the County Auditor-Controller. The DOF guidance states that it is DOF’s expectation that certain credits may be strengthened in comparison to what they would be under prior law in that they will have access to more of the tax increment for servicing of debt due to the 20% housing set-aside payment no longer being required. See “SECURITY FOR THE BONDS – Tax Increment Financing,” “PLEDGED REVENUES – Projected Taxable Valuation and Pledged Tax Revenues” and “APPENDIX G – FINANCIAL ADVISOR’S REPORT.” The DOF’s website is not in any way incorporated into this Official Statement, and neither the Agency nor the City can take responsibility for, or make any representation as to, the accuracy of such website.

Under the Dissolution Act, the Agency is no longer responsible for the payment of Statutory Pass-Through Amounts. Instead, the Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1.

The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Bonds, [and the Agency has undertaken such procedure . . . **completion of subordination process to be confirmed**]. Pursuant to the Redevelopment Law, the Agency also undertook a procedure to make Statutory Pass-Through Amounts subordinate to the Existing Parity Bonds. Therefore, Statutory Pass-Through Amounts are subordinate to the Bonds and the Existing Parity Bonds. See "TAX REVENUES—Projected Taxable Valuation and Tax Revenues" herein. The Agency cannot guarantee, however, that the process prescribed by the Dissolution Act of administering the Pledged Tax Revenues and the subordinations provided in the Statutory Pass-Through Amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Bonds and the Existing Parity Bonds when due. See "SECURITY FOR THE BONDS – Tax Increment Financing" and "RISK FACTORS – Recognized Obligation Payment Schedule."

**Land Uses**

The types of land use in the Project Area for Fiscal Year 2015-16 are set forth in the following table:

**Table 1  
City of Imperial Redevelopment Project  
Assessed Valuation and Parcels by Land Use  
Fiscal Year 2015-16**

Land Use	Number of Parcels	2015-16 Secured Assessed Valuation	Percent of Secured Assessed Valuation
Single Family Residential	1,690	\$233,182,344	62.27%
Commercial	133	62,795,200	16.77
Multifamily Residential	93	33,210,046	8.87
Industrial	29	20,580,952	5.50
Vacant Commercial	90	8,455,525	2.26
Vacant Residential	530	7,654,398	2.04
Governmental/Institutional/Other	42	6,223,559	1.66
Vacant Industrial	58	1,152,337	0.31
Agricultural	3	848,430	0.23
Miscellaneous	25	193,198	0.05
Vacant Governmental/Institutional/Other	34	151,476	0.04
Total:	<u>2,727</u>	<u>\$374,447,464</u>	<u>100.00%</u>

*Source: Urban Futures, Inc. with information from the Riverside County 2015-16 Secured Property Tax Roll.*

## Largest Taxpayers

Set forth below are the ten largest taxpayers in the Project Area based on the Fiscal Year 2015-16 combined property tax roll.

**Table 2**  
**City of Imperial Redevelopment Project**  
**Ten Largest Secured Property Taxpayers**  
**Fiscal Year 2015-16**

Property Owner	Primary Land Use	Taxable Secured Assessed Valuation	% of Total <sup>(1)</sup>
1.MORNINGSIDE VENTURES, LLC	Single Family Residential	\$12,840,964	3.43%
2.VILLAS PACIFICA LLC	Multifamily Residential	11,864,333	3.17
3.ROGERS LESLIE FLOYD III	Commercial	8,840,096	2.36
4.RENEE ROBERTS LLC	Commercial	4,737,619	1.27
5.DON LEROY DEL III TRUSTEE	Industrial	4,669,488	1.25
6.COYNE MARTIN D	Single Family Residential	4,567,277	1.22
7.NSHE CA HEAT LLC	Commercial	3,900,000	1.04
8.D & R IMPERIAL PROPERTIES LLC	Commercial	3,387,855	0.90
9.SPRINGFIELD ASSOCIATES LLC	Industrial	3,264,474	0.87
10.D & B DEVELOPMENT CO INC	Vacant Land	2,700,000	0.72
<b>Total</b>		<b>\$60,772,106</b>	<b>16.23%</b>

(1) Based on fiscal year 2015-16 total Project No. 1 taxable secured assessed valuation of \$374,447,464.

Source: *Urban Futures, Inc. with information from the Imperial County 2015-16 Secured Property Tax Roll.*

## Appeals

As previously discussed under “PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values”, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. As of the date of this Official Statement, [APPEALS DISCUSSION OR TABLE TO COME] The Agency cannot predict whether there will be future appeals from any of the top ten taxpayers, nor can the Agency predict the outcome of any future appeals or their effect on the valuation in the Project Area.

## PLEGGED TAX REVENUES

Pledged Tax Revenues (as described in the section “SECURITY FOR THE BONDS” herein) are to be deposited in the Redevelopment Obligation Retirement Fund, and thereafter, transferred by the Agency to the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Existing Parity Bonds and the Bonds.

### Schedule of Historical Taxable Assessed Values

The following tables show taxable assessed valuations and incremental values in the Project Area for the Fiscal Years 2010-11 through 2015-16.

**Table 3**  
**City of Imperial Redevelopment Project**  
**Historical Taxable Assessed Values**

Fiscal Year	Secured Value	Unsecured Value	Total Taxable Value	% Change	Total Incremental Value <sup>(1)</sup>
2010-11	\$300,478,900	\$23,873,596	\$324,352,496	--	\$233,660,870
2011-12	297,382,727	20,225,530	317,608,257	-2.1%	226,916,631
2012-13	302,258,345	21,206,906	323,465,251	1.8	232,773,625
2013-14	313,360,820	24,772,617	338,133,437	4.5	247,441,811
2014-15	328,905,308	27,123,523	356,028,831	5.3	265,337,205
2015-16	374,447,464	29,463,985	403,911,449	13.4	313,219,823

(1) The combined base year assessed valuation for the Project Area is \$90,691,626.

Source: *Urban Futures, Inc.*

[The remainder of this page is intentionally left blank.]

## Projected Taxable Valuation and Pledged Tax Revenues

The Agency has retained Urban Futures, Inc., Orange, California (the “Financial Advisor”) to provide projections of taxable valuation and Pledged Tax Revenues from development in the Project Area. The Agency believes the assumptions (set forth in the footnotes below and “APPENDIX G – FINANCIAL ADVISOR’S REPORT”) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected taxable valuation and Pledged Tax Revenues to be derived from the Project Area is as follows:

**Table 4**  
**City of Imperial Redevelopment Project**  
**Projected Pledged Tax Revenues**

Fiscal Year Ended	Assessed Valuation Growth <sup>(1)(2)</sup>	Gross Pledged Tax Revenues <sup>(1)(3)</sup>	County Admin. Fees <sup>(4)</sup>	Net Pledged Tax Revenues Available for Debt Service <sup>(5)</sup>
2016	\$	\$	\$	\$
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				

(1) Combined Original Area, 2005 Added Territory, and 2007 Added Territory. Commencing Fiscal Year 2016-17, based on projected 2% annual assessed valuation growth over Fiscal Year 2015-16 actual assessed valuation and projected 2% assessed valuation growth annually thereafter.

(2) Taxable Valuation less the combined base year valuation of \$90,691,626.

(3) Based on the Incremental Valuation times a 1.00% tax rate.

(4) Estimated at 2.80% of Gross Tax Increment Revenues.

(5) Based on the columns “Gross Pledged Tax Revenues,” less “County Admin. Fees.”

Source: *Urban Futures, Inc.*

**Bonds and Existing Parity Bonds Annual Debt Service**

Set forth below is the annual debt service on the Existing Parity Bonds and the Bonds.

**Table 5  
City of Imperial Redevelopment Project  
Annual Debt Service**

<b>Bond Year Ending (December 1 of)</b>	<b>2007 Bonds Debt Service</b>	<b>Bonds Debt Service</b>	<b>Total Existing Parity Bonds &amp; Bonds Debt Service</b>
2016	\$	\$	\$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
<b>Total:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

*Source: Stifel, Nicolaus & Company, Inc.*

[Remainder of Page Intentionally Left Blank]

**Debt Service Coverage**

Set forth below is the estimated debt service coverage of the Existing Parity Bonds and the Bonds using no growth from Fiscal Year 2015-16 Pledged Tax Revenues through maturity.

**Table 6  
City of Imperial Redevelopment Project  
Estimated Debt Service Coverage  
(No Growth Scenario)**

<b>Bond Year Ending (December 1)</b>	<b>No Growth Pledged Tax Revenues</b>	<b>Combined Debt Service (Existing Parity Bonds and Bonds)</b>	<b>Debt Service Coverage <sup>(1)</sup></b>
2015-16	\$	\$	
2016-17			
2017-18			
2018-19			
2019-20			
2020-21			
2021-22			
2022-23			
2023-24			
2024-25			
2025-26			
2026-27			
2027-28			
2028-29			
2029-30			
2030-31			
2031-32			
2032-33			
2033-34			
2034-35			
2035-36			

\* Preliminary; subject to change.

(1) Excess coverage amounts are not available to the Agency unless for approved administrative amounts or other approved enforceable obligations. See “RISK FACTORS – Recognized Obligation Payment Schedule.”  
Source: *Stifel, Nicolaus & Company, Inc. based on Pledged Tax Revenues provided by Urban Futures, Inc.*



Set forth below is the estimated debt service coverage of the Existing Parity Bonds and the Bonds using a 2% annual growth scenario for Fiscal Year 2015-16 Pledged Tax Revenues through maturity.

**Table 7**  
**City of Imperial Redevelopment Project**  
**Estimated Debt Service Coverage**  
**(2% Growth Scenario)**

<b>Bond Year Ending (December 1)</b>	<b>Pledged Tax Revenues <sup>(1)</sup></b>	<b>Combined Debt Service (Existing Parity Bonds and Bonds)</b>	<b>Debt Service Coverage <sup>(2)</sup></b>
2015-16	\$	\$	
2016-17			
2017-18			
2018-19			
2019-20			
2020-21			
2021-22			
2022-23			
2023-24			
2024-25			
2025-26			
2026-27			
2027-28			
2028-29			
2029-30			
2030-31			
2031-32			
2032-33			
2033-34			
2034-35			
2035-36			

\* Preliminary; subject to change.

- (1) Commencing Fiscal Year 2016-17, assumes 2% projected annual assessed valuation growth over Fiscal Year 2015-16 actual assessed valuation and projected 2% assessed valuation growth annually thereafter. See “PLEDGED REVENUES – Projected Taxable Valuation and Pledged Tax Revenues.”
- (2) Excess coverage amounts are not available to the Agency unless for approved administrative amounts or other approved enforceable obligations. See “RISK FACTORS – Recognized Obligation Payment Schedule.”
- (3) *Source: Stifel, Nicolaus & Company, Inc. based on Pledged Tax Revenues provided by Urban Futures, Inc.*

## CONCLUDING INFORMATION

### Underwriting

The Bonds have been sold at a net interest rate of \_\_\_\_\_%. The original purchase price (equal to the principal amount of the Bonds [plus/less] a net reoffering [premium/discount] in the amount of \$\_\_\_\_\_ and less an underwriter's discount of \$\_\_\_\_\_) to be paid for the Bonds is \$\_\_\_\_\_. The Underwriter intends to offer the Bonds to the public initially at the respective yields set forth on the inside cover page of this Official Statement, which yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

### Legal Opinions

The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel ("Bond Counsel"), approving the validity of the Bonds and stating that interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is also exempt from personal income taxes of the State of California under present State income tax laws, will be furnished to the purchaser at the time of delivery of the Bonds at the expense of the Agency. Compensation for Bond Counsel's services is entirely contingent upon the sale and delivery of the Bonds. A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as APPENDIX C.

The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

In addition, certain legal matters will be passed on by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel.

### Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations.

In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount that accrues to the Owner of the Bonds is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax

preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the City, the Agency and others and is subject to the condition that the City and the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the delivery of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Bonds. The Agency has covenanted to comply with all such requirements. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring after the date of delivery of the Bonds may affect the tax status of the interest on the Bonds.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions taken or events are taken or do occur. Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for income tax purposes provided that the Agency continues to comply with certain requirements of the Code, the ownership of and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of the recipient. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

### **Verification**

\_\_\_\_\_, [city], [state], independent public accountants, upon delivery of the Bonds, will deliver a report verifying the mathematical accuracy of certain computations contained in schedules provided to them relating to the sufficiency of monies deposited into the Escrow Fund to pay, when due, the principal and interest on the 2005 Bonds to be refunded.

The report of [name of verification agent] will include the statement 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 data or information coming to its attention, subsequent to the date of its report.

### **No Litigation**

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the 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 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. Section 34177.5 of the Dissolution Act provides that any bonds authorized under such section (including the Bonds) shall be considered indebtedness incurred by the Prior Agency, with the same legal effect as if the bonds has been issued prior to June 29, 2011, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Superintendent of Banks of the State of California has previously ruled that obligations of a redevelopment agency are eligible for savings bank investment in California.

## **Ratings**

[In connection with the issuance and delivery of the Bonds, Standard & Poor's Ratings Group ("Standard & Poor's") is expected to assign their municipal bond rating of "\_\_\_" to the Bonds with the understanding that, upon delivery of such Bonds, the Insurance Policy insuring the payment when due of the principal of and interest on the Bonds will be issued by [bond insurer]. Standard & Poor's has assigned their underlying municipal rating of "\_\_\_" the Bonds.]

These ratings reflect the view of Standard & Poor's as to the credit quality of the Bonds. The ratings reflect only the view of Standard & Poor's, and explanation of the significance of the ratings may be obtained from Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041 (212) 512-3108. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by Standard & Poor's, if in the judgment of Standard & Poor's, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the marketability or market price of the Bonds.

## **Continuing Disclosure**

Pursuant to a Continuing Disclosure Agreement with the Trustee and Urban Futures, Inc., as Dissemination Agent (the "Disclosure Agreement"), the Agency has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") certain annual financial information and operating data, including its postaudit of the financial transactions and records of the Agency for the applicable fiscal year pursuant to Section 34177(n) of the Dissolution Act, and certain information of the type set forth in certain tables of this Official Statement, all as described further in "APPENDIX E – FORM OF CONTINUING DISCLOSURE STATEMENT."

In addition, the Agency has agreed to provide, or cause to be provided, to the MSRB in a timely manner, not in excess of ten business days after the occurrence of any such event, notice of the following "Listed Events": (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Obligated Person (as defined in "APPENDIX E – Form of Continuing Disclosure Agreement"); (13) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its

terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. The Agency may amend the Disclosure Agreement, and waive any provision thereof, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Agency or the type of business conducted thereby; (2) the Disclosure Agreement as so amended would have complied with the requirements of Rule 15c2-12 as of the date of the Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the Agency shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Agency and the Dissemination Agent, to the same effect as set forth in clause (2) above; (4) the Agency shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Agency, to the effect that the amendment does not materially impair the interests of the Owners; and (5) the Agency shall have delivered copies of such opinion and amendment to the MSRB.

In addition, the Agency's obligations under the Disclosure Agreement shall terminate upon the defeasance or payment in full of all of the Bonds. The provisions of the Disclosure Agreement are intended to be for the benefit of the Owners and shall be enforceable by the Trustee on behalf of such Owners, provided that any enforcement action by any such person shall be limited to a right to obtain specific enforcement of the Agency's obligations under the Disclosure Agreement and any failure by the Agency to comply with the provisions thereof shall not be an event of default under the Indenture. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

*Presentation of Agency Financial Statements Subsequent to Statutory Dissolution.*

As previously described herein, the Prior Agency was statutorily dissolved on February 1, 2012, and the Agency commenced operations as of the same date. Therefore, the Prior Agency operated for only seven months in fiscal year ended June 30, 2012, and the Agency operated for the last five months of fiscal year ended June 30, 2012. Commencing with the Comprehensive Annual Financial Report (i.e., audited financial statements) of the City for the fiscal year ended June 30, 2012, the activities of the Agency will be reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance and available on its website as of the date of this Official Statement, interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations.

The final seven months of activity of the Prior Agency prior to its February 1, 2012 dissolution were reported in the governmental funds of the City in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Prior Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the Comprehensive Annual Financial Report, beginning with fiscal year ended June 30, 2012.

See "APPENDIX F – Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2014." A complete copy of the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2014 can be obtained from the City's Finance Department.

In accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations and functions should be included in the reporting entity, the Comprehensive Annual Financial Report presents information on the activities of the reporting entity, which includes the City (the primary government) and related but separate legal entities such as the Imperial Public Financing Authority, the Prior Agency and the Agency. Such accounting presentation, however, does not change the separate legal status of the entities. With regard to the Agency in particular, as set forth in Section 34173(g) of the Dissolution Act, “A successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge.”

*The State Department of Finance’s website is not in any way incorporated into this Official Statement, and the Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.*

#### Continuing Disclosure History.

Prior to the printing of this Official Statement, an examination was conducted of the continuing disclosure filings by the Prior Agency and the Agency during the past five years. The result of such examination indicated a few instances of filing delays and omissions of certain materials required to be included in the continuing disclosure annual reports.

In connection with each of the 2005 Bonds and the 2007 Bonds, the Prior Agency entered into a continuing disclosure undertaking under Rule 15c2-12 to file an annual report by March 31 of each year containing, among other information, its audited financial statements, and if not available by such time, the unaudited financial statements. [DESCRIPTION OF CONTINUING DISCLOSURE COMPLIANCE HISTORY TO COME]

The City believes that its procedures with its Dissemination Agent are sufficient in the normal due course to assure substantial compliance with its continuing disclosure undertakings in the future. A failure by the Agency to comply with the provisions of the Disclosure Agreement is not an event of default under the Indenture (although the Trustee does have remedies at law and in equity). However, a failure to comply with the provisions of the Disclosure Agreement must be reported in accordance with the SEC Rule 15c2-12(b)(5) and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the Agency to comply with the provisions of the Disclosure Agreement may adversely affect the marketability of the Bonds on the secondary market.

#### **Miscellaneous**

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

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

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

SUCCESSOR AGENCY TO THE CITY OF  
IMPERIAL REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
City Manager of the City of Imperial

## APPENDIX A

### GENERAL INFORMATION ABOUT THE CITY OF IMPERIAL AND THE COUNTY OF IMPERIAL

*The following information concerning the City of Imperial and the surrounding area is included herein only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City of Imperial, the County of Imperial, the State of California or any of its political subdivisions (except the Agency) and neither said City, said County, said State or any of its political subdivisions (except the Agency) is liable therefor. See the section in the forepart of this Official Statement entitled "SECURITY FOR THE BONDS."*

#### General

The City of Imperial, California (the "City"), is located in Imperial County (the "County"), in the southernmost portion of California in the Imperial Valley, approximately 20 miles from the California-Mexico border and approximately 125 miles east of the City of San Diego, California.

The City is situated within the proximity of two international border crossings for commercial and noncommercial vehicles and is approximately 4 miles north of the City of El Centro, which is the location of the County seat and commercial center of the County for retail, transportation, wholesale, and agricultural industries.

#### Population

The City's estimated population on January 1, 2011 was 15,089. The following table shows the estimated past population data for the City.

#### CITY OF IMPERIAL, CALIFORNIA

Date	Population	Date	Population
Jan. 1, 2006	10,828	Jan. 1, 2011	15,044
Jan. 1, 2007	12,612	Jan. 1, 2012	15,412
Jan. 1, 2008	13,724	Jan. 1, 2013	16,066
Jan. 1, 2009	14,159	Jan. 1, 2014	16,762
Jan. 1, 2010	14,667	Jan. 1, 2015	17,446

*Source: Demographic Research Unit, California State Department of Finance.*

#### Climate

The City has an arid desert climate and an elevation approximately 60 feet below sea level. In January, the typical high temperature is 70 degrees with a low of 42. In July, the typical high temperature is 110 degrees with a low of 82. The average rainfall is 2.92 inches for the Imperial Valley area. There are approximately 332 days of sunshine per year, and the average frost-free period is 316 days per year.

#### Government Organization

The City was founded in 1901 by the Imperial Land Company, incorporated on July 12, 1904, and encompasses approximately 5.9 square miles. From 1904 to 1990, the management of the City was the Council/Commissioner form of government, where each council member supervised specific City departments or City projects. In 1990, the City began experiencing a growth increase, and several interested land developers had prepared plans for new development within the City. In November 1990, the City converted to its present Council-Manager form of government and hired its first City manager to supervise the City's growth. The City Manager directs a work force of 50 full and part-time employees



and appoints department heads on the basis of specialized knowledge, experience and education in their area of responsibility.

The members of the City Council, the expiration dates of their terms and key administrative personnel are set forth in the charts below.

### CITY COUNCIL

<b>Council Member</b>	<b>Term Expires</b>
Mark Gran, Mayor	December, 2016
Doug Cox, Mayor Pro-Tem	December, 2016
Geoff Dale, Council Member	December, 2018
Betty Sampson, Council Member	December, 2018
James Tucker, Council Member	December, 2018

### Employment and Industry

The City is located in Imperial County. The available labor force employment and unemployment figures over the last five years for Imperial County are as follows.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(3)</sup></u>
Total Farm	10,500	9,400	10,300	10,100	10,700
Natural Resources, Mining & Construction	1,300	1,300	1,500	2,000	2,400
Manufacturing	2,600	2,600	2,600	2,500	1,700
Trade, Transportation and Utilities	10,300	10,500	11,300	12,100	13,400
Information	400	400	400	300	300
Financial Activities	1,300	1,300	1,300	1,400	1,400
Professional and Business Services	2,400	2,400	2,800	2,800	2,800
Educational and Health Services	3,700	3,700	6,800	7,900	9,100
Leisure and Hospitality	3,300	3,400	3,600	3,900	4,100
Other Services	700	800	800	800	800
Government	18,400	18,200	17,900	17,700	17,900
Total All Industries <sup>(1)</sup>	<u>54,900</u>	<u>53,900</u>	<u>59,400</u>	<u>61,500</u>	<u>64,500</u>
Total Civilian Labor Force <sup>(2)</sup>	77,100	77,600	79,200	78,800	80,200
Total Unemployment	22,900	23,000	21,700	19,600	19,000
Unemployment Rate	29.7%	29.7%	27.4%	24.9%	23.6%

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

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

(3) Most recent year for which data is available.

Source: California Employment Development Department, Labor Market Information Division.

## Taxable Transactions

The valuation of number of sales permits and taxable transactions in the City subject to sales tax is presented in the following table.

### CITY OF IMPERIAL Valuation of Taxable Transactions<sup>(1)</sup>

<u>Year</u>	<u># of Permits (Retail)</u>	<u>Retail Stores</u>	<u># of Permits (Total)</u>	<u>Total All Outlets</u>
2009	78	\$69,161	157	\$108,539
2010	89	79,286	162	123,543
2011	95	98,309	162	155,562
2012	109	112,883	177	167,919
2013 <sup>(2)</sup>	107	115,031	178	175,780

(1) In thousands of dollars ('000s).

(2) Most recent year for which data is available.

Source: California State Board of Equalization.

A summary of historic taxable sales within the County, by type of business, during the past five years for which data is available is shown in the following table.

### COUNTY OF IMPERIAL Taxable Transactions<sup>(1)</sup>

	<u>2009<sup>(2)</sup></u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013<sup>(3)</sup></u>
<b>Retail and Food Services</b>					
Motor Vehicle and Parts Dealers	\$ 147,322	\$ 180,302	\$ 205,968	\$ 214,504	\$ 228,222
Furniture and Home Furnishings Stores	9,430	8,678	8,959	9,091	9,825
Electronics and Appliance Stores	32,716	35,855	38,131	42,971	43,533
Bldg. Matrl. and Garden Equip. and Supplies	81,773	86,092	94,196	115,631	111,387
Food and Beverage Stores	61,371	66,563	64,971	64,399	65,208
Health and Personal Care Stores	17,362	16,858	18,141	18,244	20,026
Gasoline Stations	173,254	206,247	233,919	228,925	241,119
Clothing and Clothing Accessories Stores	130,460	140,499	147,406	160,795	184,615
Sporting Goods, Hobby, Book & Music Stores	21,914	22,967	23,529	24,840	25,282
General Merchandise Stores	357,341	371,291	389,394	400,926	416,177
Miscellaneous Store Retailers	32,380	30,912	31,204	31,764	32,115
Nonstore Retailers	5,203	5,870	7,009	8,066	13,222
Food Services and Drinking Places	<u>145,897</u>	<u>145,624</u>	<u>151,977</u>	<u>162,653</u>	<u>170,917</u>
<b>Subtotal (Retail and Food Services)</b>	\$1,216,423	\$1,317,759	\$1,414,803	\$1,482,810	\$1,561,647
<b>All Other Outlets</b>	<u>557,507</u>	<u>652,573</u>	<u>766,997</u>	<u>873,503</u>	<u>2,099,934</u>
<b>TOTAL ALL OUTLETS</b>	<u>\$1,773,930</u>	<u>\$1,970,332</u>	<u>\$2,181,800</u>	<u>\$2,356,313</u>	<u>\$3,661,582</u>

(1) In thousands of dollars ('000s).

(2) Earliest year for which present business codes used by the California State Board of Equalization ("BOE") are available. The BOE changed its reporting to convert business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes. As a result of the coding change, industry-level data for 2009 and later are not comparable to industry-level data for 2008 and prior years.

(3) Most recent annual information available.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

## Building Activity

The following tables provide a summary of the types and number of building permits authorized in the City and in the County, respectively, from calendar years 2009 through 2014.

### City of Imperial Annual New Privately-Owned Residential Building Permits

	2009	2010	2011	2012	2013	2014 <sup>(1)</sup>
<b>Construction cost</b>						
Single Family	\$17,603,508	\$15,714,494	\$22,312,480	\$34,142,304	\$35,888,101	\$22,130,701
Multi-Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Residential	<u>\$17,063,508</u>	<u>\$15,714,494</u>	<u>\$22,312,480</u>	<u>\$34,142,304</u>	<u>\$35,888,101</u>	<u>\$22,130,701</u>
<b>No. of Units</b>						
Single Family	94	84	117	173	181	116
Multi-Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Units	<u>94</u>	<u>84</u>	<u>117</u>	<u>173</u>	<u>181</u>	<u>116</u>

(1) Most recent annual information available.

Source: U.S. Census Bureau.

### County of Imperial Annual New Privately-Owned Residential Building Permits

	2009	2010	2011	2012	2013	2014 <sup>(1)</sup>
<b>Construction cost</b>						
Single Family	\$32,367,024	\$17,870,150	\$24,165,667	\$39,973,793	\$45,034,582	\$34,262,716
Two Family	125,340	0	0	0	0	230,000
Three and Four Family	373,388	0	0	221,321	0	80,000
Five or More Family	<u>206,448</u>	<u>0</u>	<u>13,262,072</u>	<u>3,866,472</u>	<u>842,309</u>	<u>9,342,309</u>
Total Residential	<u>\$33,072,200</u>	<u>\$17,870,150</u>	<u>\$37,427,739</u>	<u>\$44,061,586</u>	<u>\$45,876,891</u>	<u>\$43,915,025</u>
<b>No. of Units</b>						
Single Family	180	102	128	211	241	185
Two Family	2	0	0	0	0	4
Three and Four Family	4	0	0	4	0	3
Five or More Family	<u>6</u>	<u>0</u>	<u>128</u>	<u>72</u>	<u>6</u>	<u>54</u>
Total Units	<u>192</u>	<u>102</u>	<u>256</u>	<u>287</u>	<u>247</u>	<u>246</u>

(1) Most recent annual information available.

Source: U.S. Census Bureau.

## Transportation

Imperial is served by Greyhound and local bus lines, several truck lines and Southern Pacific Railroad. The Imperial County Airport, also known as Boley Field, is a public airport located partially in the City and partially in an unincorporated area of the County, which is used mostly for general aviation, air freight and cargo but is also served by one commercial airline, United Express (operated by SkyWest Airlines).

The City is within four miles of interstate highway 8 for east-west traffic, and is intersected by state highway 86 for north-south traffic.

## **Services and Facilities**

*Education.* The City is served by three elementary schools, one junior high school and one high school. Higher education is available at Imperial Valley College, offering a two-year program and located in the City, and at San Diego State University (Calexico Campus), a four-year college located in Calexico, California. National University has also recently located and opened an extension campus in the City.

*Health Care Services.* There are presently no medical facilities located within the City. The closest hospital facilities are located approximately three miles from the City in neighboring El Centro, California. These facilities offer the services of physicians, surgeons, dentists, optometrists and chiropractors.

*Cultural and Recreational Resources.* A variety of recreational facilities are located nearby the City. For camping and dune buggy enthusiasts, located approximately 40 miles east of the City is the Imperial Sand Dunes Recreation Area, which is managed by the California Bureau of Land Management. The Imperial Sand Dunes Recreation Area is located within the Algodones sand dune field, which is approximately 45 miles long and 6 miles wide.

Three year-round golf courses are located within minutes of the City. The Salton Sea, located approximately 50 miles north of the City, is one of the world's largest inland seas and lowest spots on earth at 227 feet below sea level. The Salton Sea Recreational Area covers 14 miles of the northeastern shore and is available for camping, boating, water skiing, and fishing. Within the vicinity of the City are also areas for dove, quail, duck, pheasant and geese hunting.

The California Mid-Winter Fairgrounds, located in the heart of Imperial, host the County's largest event, the ten-day fair, as well as many other festivals, barbecues, car races, concerts, trade shows, and private parties. Mexicali, Mexico, is located approximately 25 miles south of the City and offers quaint souvenir shops and dining.

The City is also the headquarters for the Imperial Irrigation District, the sixth largest power utility in the State and one of the largest irrigation districts in the world. The Imperial Irrigation District provides jobs for more than 1,100 people, services irrigation water to nearly 500,000 acres of farmland, and generates and distributes electricity to a 6,741 square mile area.

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

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

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

\_\_\_\_\_, 2015

Successor Agency to the City of Imperial Redevelopment Agency  
Imperial, California

*Re:    § \_\_\_\_\_ Successor Agency to the City of Imperial Redevelopment Agency,  
          City of Imperial Redevelopment Project, Tax Allocation Refunding Bonds, Issue  
          of 2015*

Honorable Members of the Successor Agency:

We have examined certified copies of proceedings of the Successor Agency to the City of Imperial Redevelopment Agency (the “Successor Agency”), the Oversight Board to the Successor Agency (the “Oversight Board”), the Department of Finance of the State of California (“DOF”) and other information and documents submitted to us relative to the issuance and sale by the Successor Agency of its Successor Agency to the City of Imperial Redevelopment Agency, City of Imperial Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2015, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we also have relied upon certain representations of fact and certifications made by the Successor Agency, Wilmington Trust, N.A., as trustee (the “Trustee”), the Underwriter of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Constitution and laws of the State of California (the “State”), including Article 11 of Chapter 3 (Commencing with Section 53580) of Part 1 of Division 2 of Title 5 of the California Government code (the “Bond Law”), the provisions of Health & Safety Code Section 34177.5, a resolution of the Successor Agency adopted on April 15, 2015 (the “Successor Agency Resolution”) and a resolution of the Oversight Board adopted on June 18, 2015 (the “Oversight Board Resolution”), which action was approved by the DOF on \_\_\_\_\_, 2015 and in accordance with the terms and conditions of an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2015 (the “Indenture”), by and between the Successor Agency and the Trustee. All terms not defined herein have the meanings ascribed to those terms in the Indenture.

The Bonds are dated as of their date of delivery, and mature on the dates and bear interest at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

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

1. The Bonds have been duly and validly authorized by the Successor Agency and are legal, valid and binding special obligations of the Successor Agency, secured and payable on a parity basis with the City of Imperial Redevelopment Agency's previously issued City of Imperial Redevelopment Project, Tax Allocation Bonds, Issue of 2007. The Bonds are secured and payable solely from Pledged Tax Revenues (as defined in the Indenture) and other sources as and to the extent provided for in the Indenture. The Bonds are special obligations of the Successor Agency but are not a debt of the City of Imperial, the State of California or any other political subdivisions thereof within the meaning of any constitutional or statutory limitation, and neither the City of Imperial, the State of California, nor any other of its political subdivisions, except the Successor Agency, is liable for the payment thereof.

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations, such interest (and original issue discount) may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues to the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (as described in paragraph 3 above), and is exempt from State of California personal income tax.

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

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the Successor Agency complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such

requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Successor Agency has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture and the Tax Certificate executed by the Successor Agency with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

With respect to the opinions expressed herein, the rights and obligations under the Indenture are subject to bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights, to the application of equitable principles if equitable remedies are sought, to the limitations on legal remedies against public agencies in the State of California and to limitations on rights of indemnity by principles of public policy.

The opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the Successor Agency terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

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

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

Respectfully submitted,



## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix D concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The 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 agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 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 effect 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 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 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 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 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 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 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 Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX F**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR  
FISCAL YEAR ENDED JUNE 30, 2014**

**APPENDIX G**  
**FINANCIAL ADVISOR'S REPORT**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of \_\_\_\_\_, 2015 is executed and delivered by the Successor Agency to the Imperial Redevelopment Agency (the “Successor Agency”), Wilmington Trust, N.A., as trustee (the “Trustee”), and Urban Futures, Inc., as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Successor Agency of its \$\_\_\_\_\_ initial aggregate principal amount City of Imperial Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2015 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of [December 1, 2015] (the “Indenture”), by and between the Successor Agency and the Trustee. The Successor Agency, the Trustee, and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Successor Agency, the Trustee, and the Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (as defined below).

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

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

“Dissemination Agent” shall mean Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency and the Trustee a written acceptance of such designation.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Obligated Person” shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Official Statement” shall mean the final Official Statement, dated December \_\_\_\_, 2015, relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provisions of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency’s Fiscal Year (which date currently would be

March 31, based upon the June 30 end of the Successor Agency's Fiscal Year), commencing March 31, 2016 with the report for the 2014-15 fiscal year, provide to the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the postaudit of the financial transactions and records of the Successor Agency for the Fiscal Year may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b), and subsequent Annual Report filings shall be made no later than nine (9) months after the end of each such new fiscal year.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the first sentence of this subsection (b). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A, or in such other form as prescribed by, or acceptable to, the MSRB.

(d) The Dissemination Agent (if other than the Successor Agency) shall, if and to the extent the Successor Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Successor Agency and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) A postaudit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Accountant appointed by the Successor Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's postaudit is not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain an unaudited statement of financial transactions and records of the Successor Agency in a format required by Section 34177(n) of Dissolution Act, and the postaudit shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the postaudit filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof, other financial information and operating data relating to the City of Imperial Redevelopment Project (the "Project Area"), as follows:

- 1) A summary of Agency indebtedness payable from property taxes previously known as "tax increment" (prior to February 1, 2012



dissolution of California redevelopment agencies) generated in the Project Area, including the amount outstanding as of June 30 of the most recent fiscal year;

- 2) Information about pending and successful appeals of assessed values in the Project Area for the top ten secured taxpayers therein;
- 3) Updates of the top ten taxpayers for the Project Area substantially in the form of Table 2 in the Official Statement under the caption “THE PROJECT AREA – Largest Taxpayers”;
- 4) Updates of assessed values in and tax increment revenue projections for the Project Area for the most recent fiscal year and the subsequent four years substantially in the form of Table 4 in the Official Statement under the caption “PLEDGED TAX REVENUES – Projected Taxable Valuation and Pledged Tax Revenues”; and
- 5) An update of debt service coverage for the most recent fiscal year in substantially the form of Table 6 in the Official Statement under the caption “PLEDGED TAX REVENUES – Debt Service Coverage.”

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

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, which notice shall be given in a timely manner, not in excess of ten (10) business days after the occurrence of such Listed Event:

- 1) Principal and interest payment delinquencies;
- 2) Non-payment related defaults, if material;
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) Substitution of credit or liquidity providers, or their failure to perform;
- 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- 7) Modifications to rights of security holders, if material;
- 8) Bond calls, if material, and tender offers;
- 9) Defeasances;
- 10) Release, substitution, or sale of property securing repayment of the securities, if material;
- 11) Rating changes;
- 12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- 13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), inform the Successor Agency of the occurrence of such event. As soon as reasonably practicable after obtaining knowledge of the occurrence of such event (regardless of whether the source of the information is the Dissemination Agent pursuant to the foregoing sentence or another source), the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall, within one (1) business day after obtaining knowledge of the occurrence of any of any of the events listed in Section 5(a) (2), (7), (8), (10), (13) or (14), inform the Successor Agency of the occurrence of such event and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the Successor Agency obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (8), (10), (13) or (14), the Successor Agency shall as soon as possible, in order to meet the ten (10) business day deadline to file notices required under the Rule and pursuant to the following sentence, determine if such event would be material under applicable Federal securities law. If the Successor Agency determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(e) The Trustee shall, within three (3) business days after obtaining knowledge of the occurrence of any of the Listed Events, or as soon as reasonably practicable thereafter, and in any event in

sufficient time for the Successor Agency to file a notice of such event within ten (10) business days after the occurrence of the event, inform the Successor Agency of such event and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsections (b) or (d).

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent.

(a) The Successor Agency hereby appoints and engages Urban Futures, Inc. as the Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Agreement. The Successor Agency may replace the Dissemination Agent with or without cause. If at the time there is no designated Dissemination Agent appointed by the Successor Agency, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder by giving 30-days written notice to the Successor Agency and the Trustee (if the Trustee is not the Dissemination Agent).

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, Bondowners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency, the Trustee, and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Successor Agency, provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the

time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. For purposes of this paragraph, "impact" has the meaning as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing the postaudit, the annual financial information for the year in which the change is made shall present a comparison between the postaudit or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(b).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

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

Section 10. Default. In the event of a failure of the Successor Agency, the Trustee, or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency, the Trustee, or the Dissemination Agent, as the case may be, to comply with its respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency, the Trustee, or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent.

The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency agrees to indemnify and save the Trustee and the Dissemination Agent, their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. See Section 7 above for additional provisions concerning duties, immunities and liabilities of the Dissemination Agent. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Agreement. Neither the Dissemination Agent nor the Trustee shall be liable under any circumstances for monetary damages to any person for any breach of this Agreement.

Section 12. Notices. Any notices or communications to or among any of the parties

to this Disclosure Agreement may be given as follows:

To the Successor Agency: Successor Agency to the Imperial Redevelopment Agency  
420 South Imperial Avenue  
Imperial, California 92251  
(760) 355-4371  
(760) 355-4718 Fax  
Attention: [Executive Director]

To the Trustee: Wilmington Trust, N.A.  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626  
(714) 384-4153  
\_\_\_\_\_ Fax  
Attention: \_\_\_\_\_

To the Dissemination Agent: Urban Futures, Inc.  
3111 North Tustin Avenue, #230  
Orange, California 92865  
(714) 283-9334  
(714) 283-9319 Fax

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the

benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several

counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first written above.

SUCCESSOR AGENCY TO THE IMPERIAL  
REDEVELOPMENT AGENCY

---

[Executive Director]

WILMINGTON TRUST, N.A.,  
as Trustee

---

Authorized Officer

URBAN FUTURES, INC.,  
as Dissemination Agent

---

Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING  
BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Imperial Redevelopment Agency

Name of Bond Issues: \$\_\_\_\_\_ initial aggregate principal amount City of Imperial Redevelopment  
Project Tax Allocation Refunding Bonds, Issue of 2015

Date of Issuance: \_\_\_\_\_, 2015

NOTICE IS HEREBY GIVEN that the Successor Agency to the Imperial Redevelopment Agency (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2015, by and among the Successor Agency, Wilmington Trust, N.A., as trustee, and Urban Futures, Inc., as dissemination agent. The Successor Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_, 20\_\_

Urban Futures, Inc.  
as Dissemination Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: [Executive Director], Successor Agency to the Imperial Redevelopment Agency