



GARDENA FINANCING AGENCY REGULAR MEETING

Regular FA Meeting Notice and Agenda

Website: www.cityofgardena.org

Tuesday, August 10, 2021 – 7:30 PM

In order to minimize the spread of the COVID 19 virus Governor Newsom has issued Executive Orders that temporarily suspend requirements of the Brown Act. Gardena Commission Members may attend this meeting telephonically.

The City of Gardena, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access, attend and/or participate in the City meeting due to disability, to please contact the City Clerk's Office by phone (310) 217-9565 or email publiccomment@cityofgardena.org at least 24 hours prior to the scheduled general meeting to ensure assistance is provided. Assistive listening devices are available.

The City of Gardena thanks you in advance for taking all precautions to prevent spreading the COVID 19 virus.

STANDARDS OF BEHAVIOR THAT PROMOTE CIVILITY AT ALL PUBLIC MEETINGS

- Treat everyone **courteously**;
- Listen to others **respectfully**;
- Exercise **self-control**;
- Give **open-minded** consideration to all viewpoints;
- Focus on the issues and **avoid personalizing debate**; and
- **Embrace respectful disagreement** and dissent as democratic rights, inherent components of an inclusive public process, and tools for forging sound decisions.

Thank you for your attendance and cooperation.

PARTICIPATE DURING THE MEETING VIA ZOOM

Join Zoom Meeting Via the Internet or Via Phone Conference

Please click the link below to join the webinar

- Direct URL: <https://us02web.zoom.us/j/83796071091>
- Phone number: US: +1 669 900 9128
- Webinar ID: 837 9607 1091

1. **ROLL CALL**

1. TASHA CERDA, Chairwoman
2. RODNEY G. TANAKA, Vice Chair
3. MARK E. HENDERSON, Member
4. ART KASKANIAN, Member
5. PAULETTE C. FRANCIS, Member

2. **PUBLIC COMMENT**

This is the time where the public may address the Financing Agency on items that are not on the agenda, but within the Financing Agency's jurisdiction. Comments should be limited to three minutes.

3. **ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE NEW GARDENA COMMUNITY AQUATIC & SENIOR CENTER, TO FINANCE THE COSTS OF ACQUIRING AND RENOVATING AN EXISTING BUILDING TO BE CONVERTED INTO A NEW COMMUNITY CENTER AND TO FINANCE VARIOUS PARK IMPROVEMENTS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS**

3.A

1. RESOLUTION No. 2021-2, Authorizing the Issuance and Sale of Lease Revenue Bonds to Finance a Portion of the Costs of the New Gardena Community Aquatic & Senior Center, to Finance the Costs of Acquiring and Renovating and Existing Building to be Converted into a New Community Center and to Finance Various Park Improvements, Approving the Form and Authorizing Execution of Related Documents and Approving Related Official Actions

2. RESOLUTION No. 2021-3, Resolution Amending Certain 2017 Lease Financing Documents to Provide for the Substitution of the Property and Authorizing and Directing Certain Actions Relating Thereto

Staff Recommendations: Adopt Resolutions No 2021-2 and 2021-3.

[AgencyRes 2021-2.pdf](#)

[Indenture.pdf](#)

[SFLease.pdf](#)

[LeaseAgt.pdf](#)

[GardenaPOS.pdf](#)

[BondPurchaseAgreement.pdf](#)

[AgencyAmendRes 2021-3.pdf](#)

[1stAmendSFLease.pdf](#)

[1stAmendLeaseAgt.pdf](#)

[1stAmendAssignAgt.pdf](#)

4. **ADJOURNMENT**

The Gardena Financing Agency will adjourn to the Regular Scheduled Council Meeting on August 10, 2021.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted in the City Hall lobby not less than 72 hours prior to the meeting. A copy of said Agenda is available on our website at www.CityofGardena.org. Dated this 6th day of August 2021.

/s/ MINA SEMENZA

MINA SEMENZA, City Clerk



City of Gardena

Gardena Financing Agency

Regular Meeting Meeting

AGENDA REPORT SUMMARY

Agenda Item No. 3
Meeting Date: August 10, 2021

TO: THE HONORABLE CHAIRWOMAN, VICE CHAIR AND MEMBERS OF THE GARDENA FINANCING AGENCY REGULAR MEETING

AGENDA TITLE: 3. ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE NEW GARDENA COMMUNITY AQUATIC & SENIOR CENTER, TO FINANCE THE COSTS OF ACQUIRING AND RENOVATING AN EXISTING BUILDING TO BE CONVERTED INTO A NEW COMMUNITY CENTER AND TO FINANCE VARIOUS PARK IMPROVEMENTS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS

1. RESOLUTION NO. 2021-2, AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE NEW GARDENA COMMUNITY AQUATIC & SENIOR CENTER, TO FINANCE THE COSTS OF ACQUIRING AND RENOVATING AND EXISTING BUILDING TO BE CONVERTED INTO A NEW COMMUNITY CENTER AND TO FINANCE VARIOUS PARK IMPROVEMENTS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS
2. RESOLUTION NO. 2021-3, RESOLUTION AMENDING CERTAIN 2017 LEASE FINANCING DOCUMENTS TO PROVIDE FOR THE SUBSTITUTION OF THE PROPERTY AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS RELATING THERETO

COUNCIL ACTION REQUIRED:

Staff Recommendations: Adopt Resolutions No 2021-2 and 2021-3.

RECOMMENDATION AND STAFF SUMMARY:

1. Staff respectfully recommends that the Board of Directors adopt Resolution No. 2021-2
Resolution No. 2021-2 approves the following documents:
 - a. The Issuance of Bonds; Approval of Indenture - in principal amount not to exceed \$15,000,000 for the purpose of providing funding for the Gardena Community Aquatic &

Senior Center, Acquisition & Improvement of a New Community Center, and various Park Improvements.

- b. Approval of the Site Facility Lease - The City of Gardena ("City") will lease property to the Financing Agency ("Agency") to be leased back to the City, pursuant to the lease agreement.
 - c. Approval of the Lease Agreement
 - d. Approval of the Official Statement - For distribution of the Preliminary Official Statement and authorizing the underwriters Bank of America Securities, Inc.
 - e. Sale of the Bonds by the Agency by negotiation with underwriters Bank of America Securities, Inc., pursuant to the Bond Purchase Agreement.
2. Following the adoption of Resolution No.2021-2, it is also respectfully recommended that the Board of Directors adopt Resolution No. 2021-3
- Resolution No. 2021-3 approves the following documents:
- a. First Amendment to Site and Facility Lease
 - b. First Amendment to Lease Agreement
 - c. First Amendment to the Assignment Agreement.

FINANCIAL IMPACT/COST:

Fees contingent upon successful sale of bonds

Annual budgeted cost to General Fund is approximately \$611,000 in Fiscal Year 2022

and approximately \$945,000 in Fiscal Years 2023-2041

ATTACHMENTS:

[AgencyRes 2021-2.pdf](#)

[Indenture.pdf](#)

[SFLease.pdf](#)

[LeaseAgt.pdf](#)

[GardenaPOS.pdf](#)

[BondPurchaseAgreement.pdf](#)

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[1stAmendSFLease.pdf](#)

[1stAmendLeaseAgt.pdf](#)

[1stAmendAssignAgt.pdf](#)



Clint Osorio, City Manager



City of Gardena
Gardena Financing Agency
Regular Meeting Meeting
AGENDA REPORT SUMMARY

Agenda Item No. 3.A
Section: ISSUANCE AND SALE
OF LEASE REVENUE BONDS
TO FINANCE A PORTION OF
THE COSTS OF THE NEW
GARDENA COMMUNITY
AQUATIC & SENIOR CENTER,
TO FINANCE THE COSTS OF
ACQUIRING AND
RENOVATING AN EXISTING
BUILDING TO BE CONVERTED
INTO A NEW COMMUNITY
CENTER AND TO FINANCE
VARIOUS PARK
IMPROVEMENTS, APPROVING
THE FORM AND
AUTHORIZING EXECUTION OF
RELATED DOCUMENTS AND
APPROVING RELATED
OFFICIAL ACTIONS
Meeting Date: August 10, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF THE GARDENA FINANCING AGENCY
REGULAR MEETING

AGENDA TITLE: &NBSP;

1.RESOLUTION NO. 2021-2, AUTHORIZING THE ISSUANCE AND SALE OF LEASE
REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE NEW GARDENA
COMMUNITY AQUATIC & SENIOR CENTER, TO FINANCE THE COSTS OF ACQUIRING
AND RENOVATING AND EXISTING BUILDING TO BE CONVERTED INTO A NEW
COMMUNITY CENTER AND TO FINANCE VARIOUS PARK IMPROVEMENTS,
APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS
AND APPROVING RELATED OFFICIAL ACTIONS

&NBSP;

2.RESOLUTION NO. 2021-3, RESOLUTION AMENDING CERTAIN 2017 LEASE
FINANCING DOCUMENTS TO PROVIDE FOR THE SUBSTITUTION OF THE PROPERTY
AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS RELATING THERETO

COUNCIL ACTION REQUIRED:

Staff Recommendations: Adopt Resolutions No 2021-2 and 2021-3.

RECOMMENDATION AND STAFF SUMMARY:

1. Staff respectfully recommends that the Board of Directors adopt Resolution No. 2021-2

Resolution No. 2021-2 approves the following documents:

a. The Issuance of Bonds; Approval of Indenture - in principal amount not to exceed
\$15,000,000 for the purpose of providing funding for the Gardena Community Aquatic &

Senior Center, Acquisition & Improvement of a New Community Center, and various Park Improvements.

b. Approval of the Site Facility Lease - The City of Gardena ("City") will lease property to the Financing Agency ("Agency") to be leased back to the City, pursuant to the lease agreement.

c. Approval of the Lease Agreement

d. Approval of the Official Statement - For distribution of the Preliminary Official Statement and authorizing the underwriters Bank of America Securities, Inc.

e. Sale of the Bonds by the Agency by negotiation with underwriters Bank of America Securities, Inc., pursuant to the Bond Purchase Agreement.

2. Following the adoption of Resolution No.2021-2, it is also respectfully recommended that the Board of Directors adopt Resolution No. 2021-03.

Resolution No. 2021-3 approves the following documents:

a. First Amendment to Site and Facility Lease

b. First Amendment to Lease Agreement

c. First Amendment to the Assignment Agreement.

FINANCIAL IMPACT/COST:

Fees contingent upon successful sale of bonds

Annual budgeted cost to General Fund is approximately \$611,000 in Fiscal Year 2022 and approximately \$945,000 in Fiscal Years 2023-2041

ATTACHMENTS:

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[1stAmendLeaseAgt.pdf](#)

[1stAmendAssignAgt.pdf](#)

APPROVED:



Clint Osorio, City Manager

RESOLUTION NO. 2021-2

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF GARDENA FINANCING AGENCY, GARDENA, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE NEW GARDENA COMMUNITY AQUATIC & SENIOR CENTER, TO FINANCE THE COSTS OF ACQUIRING AND RENOVATING AN EXISTING BUILDING TO BE CONVERTED INTO A NEW COMMUNITY CENTER AND TO FINANCE VARIOUS PARK IMPROVEMENTS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING OFFICIAL ACTIONS

RESOLVED, by the Board of Directors (the "Board") of the City of Gardena Financing Agency (the "Agency") as follows:

WHEREAS, the City of Gardena (the "City") proposes to (a) finance a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) finance the costs of acquiring and renovating an existing building to be converted into a new Community Center, and (c) finance various park improvements (collectively, the "Project");

WHEREAS, it is proposed that the Project will be funded from the proceeds of the City of Gardena Financing Agency Lease Revenue Bonds, Series 2021 (the "Bonds"), to be issued by the City of Gardena Financing Agency (the "Agency") under the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law") in an aggregate principal amount not to exceed \$15,000,000, the Bonds to be issued pursuant to the terms of an indenture of trust, by and between the Agency and U.S. Bank National Association, as trustee (the "Indenture");

WHEREAS, in order to provide for the repayment of the Bonds, the City will lease the certain existing facilities and the sites thereof (the "Property") to the Agency pursuant to a site and facility lease (the "Site and Facility Lease") and the Agency will lease the Property back to the City pursuant to a lease agreement (the "Lease Agreement") under which the City will agree to make lease payments to the Agency from moneys in the City's General Fund and the City will budget and appropriate sufficient amounts in each year to pay the lease payments which will be equal to the scheduled principal of and interest on the Bonds;

WHEREAS, as required pursuant to section 6586.5(a) of the California Government Code, a public hearing has been held by the City Council of the City in connection with the financing;

WHEREAS, a preliminary official statement (the "Preliminary Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the Board;

WHEREAS, BofA Securities, Inc. (the "Underwriter") has proposed to purchase and underwrite the Bonds and has presented to the City a form of bond purchase agreement for the Bonds, to be entered into among the Agency, the City and the Underwriter (the "Bond Purchase Agreement");

WHEREAS, the Board desires to make a finding of significant public benefit pursuant to section 6586.5(a)(2) of the California Government Code, and to approve the financing and the transactions contemplated by the Bonds; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Agency;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Findings. The Board hereby finds that significant public benefits will arise from the financing in accordance with section 6586 of the California Government Code.

Section 2. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Bond Law and the Indenture, in a principal amount not to exceed \$15,000,000, for the purpose of providing funds to finance the Project and to pay the costs of issuance of the Bonds. The Agency hereby approves the Indenture, in the form on file with the Secretary, together with any changes therein or additions thereto approved by the Chair, the Vice Chair, the Executive Director or the Treasurer of the Agency (collectively, the "Designated Officers"), whose execution thereof shall be conclusive evidence of such approval. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the Agency to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Indenture for and in the name of the Agency. The Agency hereby authorizes the delivery and performance of the Indenture.

Section 3. Approval of Site and Facility Lease. The Board hereby approves the Site and Facility Lease in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of such approval. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the Agency to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Site and Facility Lease for and in the name of the Agency. The Agency hereby authorizes the delivery and performance of the Site and Facility Lease.

Section 4. Approval of Lease Agreement. The Board hereby approves the Lease Agreement, in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of such approval. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the Agency to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Lease Agreement for and in the name of the Agency. The Agency hereby authorizes the delivery and performance of the Lease Agreement.

Section 5. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Agency by negotiation with the Underwriter pursuant to the Bond Purchase Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the Agency shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the Agency. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement. The amount of Underwriter's discount for the Bonds (excluding any original issue discount which

does not represent compensation to the Underwriter) shall be not more than 0.75% of the par amount thereof.

Section 6. Official Statement. The Board hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement, in substantially the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the Agency's determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed to approve any changes in or additions to a final form of official statement (the "Final Official Statement"), and the execution thereof by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Agency hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the Agency by any Designated Officer.

Section 7. Official Actions. The Chair, Executive Director, the Treasurer, the Secretary and all other officers of the Agency are each authorized and directed in the name and on behalf of the Agency to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Agency is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 8. Effective Date. This Resolution shall take effect immediately.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted and passed by the Board of Directors of the City of Gardena Financing Agency at a regular meeting held on the 10th day of August.

ATTEST:

MINA SEMENZA, Agency Secretary

APPROVED AS TO FORM:



CARMEN VASQUEZ, City Attorney

TASHA CERDA, Chairwoman

INDENTURE OF TRUST

by and between the

CITY OF GARDENA FINANCING AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of September 1, 2021

Relating to
\$_____
City of Gardena Financing Agency
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), made and entered into and dated as of September 1, 2021, by and between the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the "Trustee");

RECITALS:

WHEREAS, the Agency is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated July 23, 1991, by and between the City of Gardena (the "City") and the Parking Authority of the City of Gardena (the "Parking Authority" and, with the City, the "Members"), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, and to provide financing for public capital improvements of the City and the Parking Authority;

WHEREAS, the City, working together with the Agency, proposes to (a) finance of a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) finance the costs of acquiring and renovating an existing building to be converted into a new Community Center, and (c) finance various park improvements (collectively, the "Project");

WHEREAS, for such purposes, the Agency has determined to issue its City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021, in the aggregate principal amount of \$_____ (the "Bonds");

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act (the "Bond Law") and this Indenture;

WHEREAS, in order to provide for the repayment of the Bonds, the Agency will lease certain real property and improvements (the "Property") to the City pursuant to a lease agreement, dated as of September 1, 2021 (the "Lease Agreement"), under which the City will agree to make lease payments to the Agency from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Agency has authorized the execution and delivery of this Indenture; and

WHEREAS, the Agency has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the Bonds at any time issued and Outstanding under this Indenture, according to their terms, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and delivered, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Agency does covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture, of any Supplemental Indenture, of the Lease Agreement, of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Acquisition and Construction” means, with respect to any portion of the Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof.

“Act” means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the Government Code of the State.

“Additional Payments” means those payments, in addition to Lease Payments, required to be made by the City pursuant to Section 4.7 of the Lease Agreement.

“Agency” means the City of Gardena Financing Agency, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State, and any successor thereto.

“Authorized Representative” means: (a) with respect to the Agency, its Chairman, Vice Chairman, the Executive Director or any other person designated as an Authorized Representative of the Agency by a Written Certificate of the Agency signed by its Administrator, and filed with the City, and the Trustee; and (b) with respect to the City, its Mayor, Vice Mayor, City Manager or Finance Director, or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its City Manager and filed with the Agency and the Trustee.

“Bond Counsel” means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Agency of nationally-recognized experience in the issuance of obligations issued by State and local entities.

“Bond Law” means Article 4 (commencing with section 6584) of the Act.

“Bond Year” means each twelve-month period extending from May 2 in one calendar year to May 1 of the succeeding calendar year, both dates inclusive; *provided* that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on May 1, 2022.

“Bonds” means the \$_____ aggregate principal amount of City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021, authorized by and at any time Outstanding pursuant to this Indenture.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located and on which the Federal Reserve is open.

“City” means the City of Gardena, a general law city and municipal corporation organized and existing under and by virtue of the laws of the State.

“Closing Date” means September 8, 2021, the date of delivery of the Bonds to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, thereunder.

“Completion Date” means, with respect to any component of the Project, the date on which the Agency files a Written Certificate with the City and the Trustee stating that the Acquisition and Construction of such component of the Project has been completed pursuant to Article III.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and the Agency and dated the date of execution and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Agency or the City, initial fees and expenses of the Trustee (including but not limited to fees and expenses for legal counsel), compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, out-of-pocket expenses of the Agency or the City, Agency and City staff costs and costs of printing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.02.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

“Defeasance Obligations” means (a) cash (insured at all times by the Federal Deposit Insurance Corporation); (b) obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including: (i) United States treasury obligations; (ii) all direct or fully guaranteed obligations; (iii) certificates of beneficial ownership of the Farmers Home Administration; (iv) participation certificates of the General Services Administration; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) Government National Mortgage Association obligations; and (vii) State and Local Government Series.

“Event of Default,” with respect to this Indenture, means any of the events specified in Section 7.01 and, with respect to the Lease Agreement, means any of the events specified in Section 9.1 of the Lease Agreement.

“Facility” means the improvements more particularly described in Exhibit B to the Lease Agreement.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the

contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; (b) obligations of any agency or department of the United States of America which represent the full faith and credit of the United States of America or the timely payment of the principal of and interest on which are secured or guaranteed by the full faith and credit of the United States of America; and (c) any obligations issued by the State of California or any political subdivision thereof the payment of and interest and premium (if any) on which are fully secured by Federal Securities described in the preceding clauses (a) or (b), as verified by an independent certified public accountant, and rated "AAA" and "Aaa" by S&P and Moody's, respectively.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency or the City, as applicable, as its official fiscal year period.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Agency or the City, and who, or each of whom (a) is in fact independent and not under domination of the Agency or the City; (b) does not have any substantial interest, direct or indirect, in the Agency or the City; and (c) is not connected with the Agency or the City as an officer or employee of the Agency or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Agency or the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, (at <http://emma.msrb.org>); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, and shall mean such other organizations providing information with respect to the redemption of bonds as the Agency may designate in a Written Certificate of the Agency delivered to the Trustee.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.08.

"Interest Account" means the account by that name established in the Revenue Fund pursuant to Section 5.02.

"Interest Payment Date" means each May 1 and November 1, commencing May 1, 2022.

"Lease Agreement" means that certain Lease Agreement, dated as of September 1, 2021, by and between the Agency and the City, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"Lease Payment Date" means, with respect to any Interest Payment Date, commencing with the May 1, 2022, Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

"Lease Payments" means the aggregate amount of all the payments required to be paid by the City pursuant to Section 4.3 of the Lease Agreement.

"Nationally Recognized Statistical Rating Organization" means a credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits financial firms to use for certain regulatory purposes.

"Net Proceeds" means amounts derived by the City from any policy of casualty insurance with respect to any portion of the Property, or the proceeds of any taking of the Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee located in Los Angeles, California, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the corporate trust operations office or agency of the Trustee.

"Original Purchaser" means BofA Securities, Inc., the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Agency shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"Owner," whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (e) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Property; and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following

the date of recordation of the Lease Agreement and to which the Agency and the City agree in writing do not reduce the value of the Property.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided the Trustee may rely upon the Request of the City directing investment under this Indenture as a determination that such investment is a Permitted Investment):

(a) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, fully and unconditionally guaranteed as to timely payment;

(b) debentures of the Federal Housing Administration to the extent such obligations are guaranteed by the full faith and credit of the United States of America;

(c) obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; or (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal) or debt obligations of the Federal National Mortgage Association; *provided, however*, that not more than ten percent (10%) of the proceeds of the Bonds may, in the aggregate, be invested in any such obligations at one time;

(d) commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a Nationally Recognized Statistical-Rating Organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (i) or (ii):

(i) The entity meets the following criteria:

- is organized and operating in the United States as a general corporation
- has total assets in excess of five hundred million dollars (\$500,000,000)
- has debt other than commercial paper, if any, that is rated “A” or higher by a Nationally Recognized Statistical-Rating Organization

(ii) The entity meets the following criteria:

- is organized within the United States as a special purpose corporation, trust, or limited liability company
- has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond
- has commercial paper that is rated “A-1” or higher, or the equivalent, by two of the Nationally Recognized Statistical-Rating Organizations,

and split ratings (i.e. A2/P1) are not allowable, and no more than 10 percent of the outstanding commercial paper of any single corporate issue may be purchased;

(e) shares of beneficial interest issued by diversified management companies which invest only in direct obligations of the US Treasury, debt instruments issued by agencies of the Federal government, and repurchase agreements with a weighted average of 60 days or less, and have

the highest rating from two Nationally Recognized Statistical-Rating Organizations, and must maintain a daily principal per share value of \$1.00 per share and distribute interest monthly, and have a minimum of \$500 million in assets under management. The purchase price of the shares may not include commission;

(f) bank deposit products, demand deposits, including interest bearing money market accounts, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits or certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Agency, including in the case of any such deposit, fund or account of the Trustee or any of its affiliates, rated in one of the top two highest categories from two Nationally Recognized Statistical-Rating Organizations without regard to gradations, or which are fully FDIC-insured;

(g) Investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate note which represents the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest rating categories by a Nationally Recognized Statistical-Rating Organization;

(h) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name;

(i) Repurchase and reverse repurchase agreements collateralized with securities described in subsections (a) and (c) above, at 102% and 104% respectively, including those of the Trustee or any of its affiliates, so long as such repurchase and / or reverse repurchase agreements have a final maturity date of 365 days or less, and must be marked to market weekly with a two (2) day cure period for any deficiencies, and any failure to deliver such collateral or to cure a deficiency shall require the immediate acceleration and termination of the agreement;

(j) longer dated repurchase agreements with financial institutions, or banks insured by the FDIC, or any broker dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), provided that: (i) the over-collateralization is at 102%, computed weekly, for securities described in subsection (a) and 104% for securities described in subsection (c); (ii) a third party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (iii) the Trustee shall have perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral;

(k) Forward delivery or forward purchase agreements with underlying securities of the types outlined in (a), (b), (c) and (d) above;

(l) Tax-exempt obligations of the City, any local agency in the State or of any other 49 states, rated in either of the two highest rating categories by two of the Nationally Recognized Statistical-Rating Organizations;

(m) money market mutual funds including those for which the Trustee or any of its affiliates receives a fee for services provided to the fund, whether as investment advisor, transfer agent, custodian or otherwise; and

(n) the City Treasurer's Investment Pool.

“Plans and Specifications” means, with respect to the Project or any component thereof, the plans and specifications relating thereto filed by the City with the Agency pursuant to Section 3.2 of the Lease Agreement.

“Principal Account” means the account by that name established in the Revenue Fund pursuant to Section 5.02.

“Project” means (a) a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) acquisition and renovation an existing building to be converted into a new Community Center, and (c) various park improvements, more particularly described in Exhibit B attached hereto.

“Project Costs” means, with respect to the Project, all costs of the Acquisition and Construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the Project;

(b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper Acquisition and Construction of the Project;

(e) any sums required to reimburse the Agency or the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the Project;

(f) all financing costs incurred in connection with the Acquisition and Construction of the Project, including but not limited to Costs of Issuance and other costs incurred in connection with the Lease Agreement and the financing of the Project; and

(g) the interest components of the Lease Payments during the period of Acquisition and Construction of the Project, to the extent not paid from the proceeds of the Bonds deposited in the Interest Account pursuant to the Indenture.

“Project Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Property” means, collectively, the Site and the Facility.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established pursuant to Section 5.05.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.05 for the registration and transfer of ownership of the Bonds.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.01.

“Revenues” means (a) all Lease Payments, prepayments, insurance proceeds, condemnation proceeds, and (b) subject to the provisions of Section 5.09 hereof, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Written Certificate of the Agency delivered to the Trustee.

“Sinking Account” means the account by that name established in the Revenue Fund pursuant to Section 5.02.

“Site” means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

“Site and Facility Lease” means the Site and Facility Lease, dated as of September 1, 2021, by and between the City, as lessor, and the Agency, as lessee, together with any duly authorized and executed amendments thereto.

“State” means the State of California.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Agency and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the certificate of the Agency dated the Closing Date, with respect to tax matters.

“Term Bonds” means the Bonds maturing on May 1, ____, and May 1, ____.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

“Written Certificate,” “Written Request” and *“Written Requisition”* of the Agency or the City mean, respectively, a written certificate, request or requisition signed in the name of the Agency or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Rules of Construction. All references in this Indenture to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this

Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authorization and Purpose of Bonds. The Agency has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now authorized under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Agency hereby authorizes the issuance of the Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds. The Agency hereby authorizes the issuance of the Bonds, which shall constitute special obligations of the Agency, for the purpose of providing funds to finance the Project. The Bonds are hereby designated the "City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021." The aggregate principal amount of Bonds initially issued and Outstanding under this Indenture shall equal _____ dollars (\$_____). At any time after the execution of this Indenture, the Agency may execute and the Trustee shall authenticate and, upon the Written Request of the Agency, deliver the Bonds. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall mature on May 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Interest on the Bonds shall be payable semiannually on each Interest Payment Date, to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; *provided however*, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five (5) days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee, except as provided in Section 2.04. Principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before April 15, 2022, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest

from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Agency.

Any Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond shall not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Agency.

Section 2.04. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one certificate maturing on each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the Agency, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Agency that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Agency that The Depository Trust Company or its successor is no longer able to carry out its functions as depository;

provided that no substitute depository which is not objected to by the Agency and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of an Authorized Representative of the Agency to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bond then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of an Authorized Representative of the Agency. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the Agency, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the Agency provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the Agency.

(c) In the case of partial redemption or an advance refunding of any Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Agency's expense, deliver the Bonds to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The Agency and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency; and the Agency and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Bonds. Neither the Agency nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(e) So long as all outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Agency and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and redemption premium, if any, and interest due with respect to the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blanket issuer letter of representations (prepared by The Depository Trust Company) executed by the Agency and received and accepted by The Depository Trust Company.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall at all reasonable times upon reasonable prior notice be open to inspection during regular business hours by the Agency and the City; and, upon presentation for such purpose, the Trustee

shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06. Form and Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Agency with the facsimile signature of its President, Vice President or Administrator and attested with the facsimile signature of its Secretary, and shall be delivered to the Trustee for authentication by it. In case any officer of the Agency who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Agency, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Agency as though the individual who signed the same had continued to be such officer of the Agency. Also, any Bond may be signed on behalf of the Agency by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Agency and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Agency issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Agency, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Agency. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to them an indemnity satisfactory to them shall be given, the Agency, at the expense of the Owner of such lost, destroyed or stolen Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time

enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. CUSIP Numbers. The Trustee, the Agency and the City shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, the Agency nor the City shall be liable for any inaccuracies in such numbers.

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.01. Application of Proceeds of Sale of Bonds.

(a) Upon the receipt of payment for the Bonds on the Closing Date of \$_____, being the principal amount of the Bonds of \$_____, less an underwriters' discount of \$_____, less an original issue discount of \$_____, plus an original issue premium of \$_____, the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund; and

(ii) The Trustee shall deposit the amount of \$_____ in the Project Fund.

(b) The Trustee may, in its sole discretion, establish such funds or accounts in its records to facilitate the foregoing transfers and deposits.

Section 3.02. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Costs of Issuance Fund." There shall be deposited in the Costs of Issuance Fund the amounts indicated in Section 3.01(a)(i) of this Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the City stating the person to whom payment is to be made, the amount to be paid, payment instructions, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(c) On January 20, 2022, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Establishment and Application of Project Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Project Fund." There shall be deposited in the Project Fund the amount indicated in Section 3.01(a)(ii) of this Indenture.

(b) Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the Agency or the City for payment of Project Costs) upon receipt by the Trustee of a Written Requisition of the City which: (A) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to be disbursed, (iv) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed by the Trustee from amounts in the Project Fund, (v) that all conditions precedent set forth in the Lease Agreement with respect to such disbursement have been satisfied, and (vi) that the amount of such disbursement is for a Project Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or statement of

account (if any) for each obligation. The Trustee may conclusively rely on the information contained in any Written Requisition and shall have no responsibility with respect to the application of any funds disbursed in accordance with such Written Requisition.

(c) Upon the filing with the Trustee of a Written Certificate of the Agency stating that the Project has been completed or that all Written Requisitions intended to be filed by the Agency and the City have been filed, the Trustee shall withdraw any remaining amounts then on deposit in the Project Fund and, at the direction of the City, transfer such amounts to the Revenue Fund and applied to the payment of interest on the Bonds and the Project Fund shall be closed.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Agency or the Trustee with respect to or in connection with the Lease Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Sinking Account Redemption.* The Bonds maturing on May 1, ____ (the “____ Term Bonds”) are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on May 1, ____, and on May 1 in each year thereafter to and including May 1, ____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the ____ Term Bonds have been optionally redeemed as described below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the ____ Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

Redemption Date (May 1)	Principal Amount
_____	_____

† Maturity.

The Bonds maturing on May 1, ____ (the “____ Term Bonds”) are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on May 1, ____, and on May 1 in each year thereafter to and including May 1, ____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the ____ Term Bonds have been optionally redeemed as described below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the ____ Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

Redemption Date (May 1)	Principal Amount
_____	_____

† Maturity.

(b) *Optional Redemption.* The Bonds maturing on May 1, ____, are non-callable. The Bonds maturing on and after May 1, ____, are subject to redemption, at the option of the City, on any date on or after May 1, ____, as a whole or in part, by such maturities as shall be determined by the City, and by lot within a maturity, from any available source of funds, from prepayments of the Lease Payments made at the option of the City pursuant to Section 4.4 of the Lease Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. In the event of an optional redemption pursuant to this Section 4.01(b), the City shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

(c) *Purchase of Bonds In Lieu of Redemption.* In lieu of redemption of Bonds as provided in paragraphs (a) and (b) of this Section 4.01, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of an Authorized Representative of the City, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed; *provided, however*, that no Bonds shall be purchased in lieu of redemption with a trade settlement date less than seventy-five (75) days prior to the relevant redemption date. Such purchases may be affected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption pursuant to this paragraph shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption.

(d) *Special Mandatory Redemption From Insurance or Condemnation Proceeds.* The Bonds shall also be subject to redemption as a whole, or in part on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the City, to be used for such purpose as provided in Section 5.08, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond. If less than all the Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Agency shall specify to the Trustee a principal amount in each maturity to be redeemed which, to the extent practicable, results in approximately equal annual debt service on the Bonds Outstanding following such redemption. If less than all Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Agency shall designate the maturity or maturities of the Bonds to be redeemed.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single

maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Agency, for and on behalf of the Agency.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds under Section 4.01(b) above, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default, the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

The Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed.

Section 4.06. Purchase of Bonds. In lieu of redemption of Bonds as provided in this Article IV, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least sixty (60) days prior to the next scheduled Interest Payment Date of the written request of an Authorized Representative of the Agency, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Agency may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal

amount of Bonds of the same maturity purchased in lieu of redemption pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption. Any Bonds so purchased shall be surrendered to the Trustee for cancellation.

ARTICLE V
REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF
PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

(b) The Agency hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Agency in the Lease Agreement (except for rights to give approvals and consents thereunder and certain rights to indemnification set forth therein), and in the Site and Facility Lease (except for rights to give approvals and consents thereunder and certain rights to indemnification set forth therein). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Agency shall be deemed to be held, and to have been collected or received, by the Agency as the agent of the Trustee and shall forthwith be paid by the Agency to the Trustee. The Trustee also shall be entitled to and may, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Agency or separately, all of the rights of the Agency, all of the obligations of the City under the Lease Agreement.

The assignment of the Lease Agreement and the Site and Facility Lease to the Trustee is solely in its capacity as Trustee under this Indenture and the duties, powers and liabilities of the Trustee in acting thereunder shall be subject to the provisions of this Indenture, including, without limitation, the provisions of Article VIII hereof. The Trustee shall not be responsible for any representations, warranties, covenants or obligations of the Agency.

(c) The Trustee agrees to provide written notice to the City at least five Business Days prior to each Lease Payment Date of the amount, if any, on deposit in the Revenue Fund which shall serve as a credit against, and shall relieve the City of making, the Lease Payments due from the City on such Lease Payment Date. Subject to Section 5.09, all Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such Funds. Within the Revenue Fund there shall be established an Interest Account, a Principal Account and a Sinking Account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02. Allocation of Revenues. Not later than the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of

each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) The Trustee shall deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due at maturity and payable on such Interest Payment Date.

(c) The Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Bonds required to be redeemed on such date, if any, pursuant to Section 4.01(a).

(d) If the then applicable Interest Payment Date is November 1, all remaining moneys shall be held by the Trustee in the Revenue Fund and applied for the next succeeding May 1 Interest Payment Date deposits. If the then applicable Interest Payment Date is May 1, and payment of any applicable fees and expenses to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, all remaining moneys may be treated as surplus and applied for any lawful purpose.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Section 5.05. Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds pursuant to Section 4.01(a).

Section 5.07. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to Sections 4.01(a) or (b); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, in accordance with Section 4.06.

Section 5.08. Insurance and Condemnation Fund.

(a) *Establishment of Fund.* Upon the receipt of any proceeds of insurance or eminent domain with respect to any portion of the Property, the Trustee shall establish and maintain an Insurance and Condemnation Fund, to be held and applied as hereinafter set forth in this Section 5.08.

(b) *Application of Insurance Proceeds.* Any Net Proceeds of insurance against accident to or destruction of the Property collected by the City in the event of any such accident or destruction shall be paid to the Trustee by the City pursuant to Section 6.1 of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund.

If the City fails to determine and notify the Trustee in writing of its determination, within forty-five (45) days following the date of such deposit, to replace, repair, restore, modify or improve the Property, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds pursuant to Section 4.01(d) to the extent that such Net Proceeds permit. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, upon receipt of Written Requisitions of the City, as agent for the Agency, which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any balance of the proceeds remaining after such work has been completed as certified by the City to the Trustee shall after payment of amounts due the Trustee be paid to the City.

(c) *Application of Eminent Domain Proceeds.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.1 of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(i) If the City has not given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds pursuant to Section 4.01(d).

(ii) If the City has given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Property or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing of Written Requisitions of the City as agent for the Agency in the form and containing the provisions set forth in subsection (b) of this Section 5.08. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 5.09. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Agency pursuant to a Written Request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which Written Request shall certify that the investments constitute Permitted Investments). In the absence of any such directions from the Agency, the Trustee shall invest such moneys in Permitted Investments described in paragraph (m) of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. The Agency shall take the liquidity needs of the moneys held hereunder into account in making investments.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Revenue Fund. To the extent that any

investment agreement requires the payment of fees, such fees shall be paid from available moneys in the Revenue Fund after the deposit of moneys described in Section 5.02 (a) through (c) above. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee or its affiliates may act as sponsor or depository with respect to any Permitted Investment. To the extent that any Permitted Investment purchased by the Trustee are registrable securities such Permitted Investment shall be registered in the name of the Trustee on behalf of the Owners. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.09.

The Trustee shall furnish the Agency periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Agency. Upon the Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Such investments shall be valued by the Trustee not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

The Trustee may utilize securities pricing services that may be available to it in making such valuations, including those within its accounting system with respect to the Bonds, and conclusively rely thereon.

ARTICLE VI
PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Agency shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Agency to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03. Against Encumbrances. The Agency shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Agency expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes. Nothing in this Section 6.03 shall in any way limit the City's ability to encumber its assets in accordance with the Lease Agreement.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Agency is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture. The Agency has duly authorized the execution and delivery of the Bonds and this Indenture under the terms and provisions of the Act and a resolution adopted by the Board and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Agency of the Bonds and this Indenture. The Agency has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the Agency.

Section 6.05. Accounting Records. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency and the City, during business hours and under reasonable circumstances upon reasonable prior notice.

Section 6.06. No Additional Obligations. The Agency covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Section 6.07. Tax Covenants. The Agency covenants to and for the benefit of the Owners that, notwithstanding any other provisions of this Indenture (other than Section 11.01 hereof), it will:

(a) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(b) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income of the Owners of the Bonds for federal income tax purposes;

(c) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to the Code; and

(d) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 6.07, the Agency shall execute, deliver and comply with the provisions of the Tax Certificate. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture (this covenant shall extend throughout the term of the Bonds, to all funds and accounts created under this Indenture held by the Trustee and all moneys on deposit to the credit of any fund or account held by the Trustee).

Section 6.08. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Agency. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Agency nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 6.08, by Section 6.07 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Agency including supplying all necessary information reasonably requested by the Agency, and shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Agency with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Agency.

(b) Upon the Agency's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Agency or the City, if and to the extent required, so that the

balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Agency in accordance with the Tax Certificate. The Trustee shall supply to the Agency all necessary information requested by the Agency to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 6.08, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Agency or the City.

(d) At the written direction of the Agency, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Agency's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Agency so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Agency's written directions; *provided, however*, only moneys in excess of the Rebate Requirement may, at the written direction of the Agency, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund (i) after each five-year remission to the United States, and (ii) after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, shall be withdrawn by the Trustee and remitted to the City.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 6.08, Section 6.07 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 6.09. Collection of Amounts Due Under Lease Agreement. The Trustee shall promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of Article VIII, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Agency, for the enforcement of all of the obligations of the City under the Lease Agreement.

The Agency shall not amend, modify or terminate any of the terms of the Lease Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.10. Continuing Disclosure. Pursuant to Section 5.11 of the Lease Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and neither the Agency nor the Trustee shall have any liability to the Owners of the Bonds or any other person with respect to the Continuing Disclosure Certificate. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of Section 5.11 of the Lease Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall at the request of the Owners or Beneficial Owners (as defined

in the Continuing Disclosure Certificate) of at least 25% aggregate principal amount of Outstanding Bonds, to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under Section 5.11 of the Lease Agreement or to cause the Trustee to comply with its obligations under this Section 6.10. For purposes of this Section 6.10, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 6.11. Waiver of Laws. The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency to the extent permitted by law.

Section 6.12. Further Assurances. The Agency will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal installments of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Agency in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Agency by the Trustee; *provided, however*, that if in the reasonable opinion of the Agency the default stated in the notice can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Agency shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time which period shall be no longer than 120 days after the original written notice of default.

(d) The occurrence and continuation of an event of default under and as defined in the Lease Agreement.

Section 7.02. Remedies Upon Event of Default. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Agency or the City to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Lease Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Lease Agreement or this Indenture, as the case may be;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Agency to account as if it were the trustee of an express trust for the Owners of Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds hereunder.

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Revenues, *ex parte*, and without notice, and the Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. In the case of any receivership, insolvency, bankruptcy, or other judicial proceedings affecting the Agency or the City, the Trustee shall be entitled to file such proofs of claims and

other documents as may be necessary or advisable in order to have the claims of the Trustee and the Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Bond Owner to file a claim on his or her own behalf; provided, the Trustee shall be entitled to compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for its reasonable expenses and liability from the Agency, the City or the Bond Owners, as appropriate.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bond Owner in any such proceeding without the approval of the Bond Owners so affected.

Notwithstanding anything contained herein or in the Lease Agreement to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. The term "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Law, including without limitation, asbestos, petroleum and hydrocarbon products. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything herein or in the Lease Agreement to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings with respect to the Property unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state, or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Property relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only

partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as shall be deemed most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability.

Section 7.06. Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Lease Agreement or any other applicable law with respect to such Bonds, unless (a) such

Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Lease Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Agency. Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. If any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then the Agency, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Agency, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the

City, the Agency, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the City, the Agency, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment of Trustee. U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, is appointed Trustee by the Agency for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Agency agrees that it will maintain a Trustee having a corporate trust office in the State, with (or if a member of a bank holding company system, its parent holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such national banking association, bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 8.01 the combined capital and surplus of such national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is authorized to pay the principal of and interest and maturity amount and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 8.02. Acceptance of Trustee. The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder. The Trustee may conclusively rely upon an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Agency hereunder.

(d) Except as provided in Section 3.01, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Agency with the same rights it would

have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority of the Bonds.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram, requisition, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Written Certificate of the Agency as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 8.02(h) hereof, shall also be at liberty to accept a Written Certificate of the Agency to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, under the Lease Agreement, except failure by the Agency to make any of the payments to the Trustee required to be made by the Agency pursuant hereto or failure by the Agency to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Agency, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not any duty) fully to inspect all books, papers and records of the Agency pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required,

to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Agency to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under Article VII hereof or this Article VIII at the request or direction of the Owners, the Trustee may require payment or reimbursement of its fees and expenses, including fees and expenses of counsel and receipt of an indemnity bond satisfactory to it from the Owners to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be provided that the Trustee was negligent in ascertaining the pertinent facts.

Whether or not therein expressly so provided, every provision of this Indenture, the Lease Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document.

(o) The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract for purchase of the Bonds have been met on the closing date or, that all documents required to be delivered on the Closing Date to the parties are actually delivered, except its own responsibility to receive the proceeds of the sale, deliver the Bonds or other certificates expressly required to be delivered by it and its counsel.

The Trustee may assume that parties to the contract for purchase of the Bonds have waived their rights to receive documents or to require the performance of procedures if the parties to whom such documents are to be delivered or for whom such procedures are to be performed do not require delivery or performance on or prior to the Closing Date.

(p) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(q) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions,

strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar even and/or occurrences beyond the control of the Trustee.

(r) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Agency or City, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(s) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, for purposes of this Indenture, an e-mail does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such e-mail shall constitute a notice, request or other communication hereunder the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(t) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 8.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 8.04. Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 8.02(h) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; *provided, however*, that unless such Event of Default consists of the failure by the Agency to make any payment when due, the Trustee shall, within thirty (30)

days of the Trustee's knowledge thereof, give such notice to the Bond Owners unless the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

Section 8.05. Intervention by Trustee. In any judicial proceeding to which the Agency is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 8.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) of the Bonds.

Section 8.06. Removal of Trustee. The Owners of a majority of the Bonds may at any time, and the Agency may, so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee, whereupon the Agency (with the written consent of the City) or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 8.01.

Section 8.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time give written notice of its intention to resign as Trustee hereunder, such notice to be given to the Agency and the City by first class mail. Upon receiving such notice of resignation, the Agency (with the written approval of the City) shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Agency shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

Section 8.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 8.06 or 8.07, respectively, and if the Owners shall not have approved a successor Trustee, then, with the prior written consent of the City, the Agency shall promptly appoint a successor Trustee. In the event the Agency shall for any reason whatsoever fail to appoint a successor Trustee within sixty (60) days following the delivery to the Trustee of the instrument described in Section 8.06 or within sixty (60) days following the receipt of notice by the Agency pursuant to Section 8.07, the Trustee may, at the expense of the Agency, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 8.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Agency purporting to appoint a successor Trustee following the expiration of such ninety-day period.

Within sixty (60) days following the appointment of a successor Trustee hereunder, the former Trustee shall deliver to such successor Trustee (a) all funds and accounts held by the former Trustee hereunder, and (b) any and all information and documentation as may be required or reasonably requested by the Agency or such successor Trustee in connection with the transfer to such successor Trustee of all the duties and functions of the Trustee hereunder. The Agency shall pay the reasonable costs and expenses of such former Trustee incurred in connection with such transfer.

Section 8.09. Merger or Consolidation. Any company into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 8.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions,

immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Agency an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Agency, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Agency be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency.

Section 8.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 8.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.12. Indemnification; Limited Liability of Trustee. The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the reasonable costs and expenses of defending against any claim of liability or arising out of any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the

circumstances under which they were made, not misleading in any official statement or other disclosure utilized in connection with the sale of the Bonds, but excluding any and all losses, expenses and liabilities which are due to the negligence or misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least a majority of the principal amount of the Bonds relating to the time, method and place of exercising any trust or power or conducting any proceeding or remedy available to the Trustee under this Indenture or for any special, indirect, consequential or punitive damages. The obligations of the Agency hereunder and Section 8.03 shall survive the resignation or removal of the Trustee, or the discharge of this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Agency and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Agency, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Agency and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Agency in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Agency;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Agency may deem necessary or desirable; or

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute.

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income of the Owners under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially

adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income of the Owners for purposes of federal income taxes of interest on the Bonds.

(e) Written notice of any amendment or modification made pursuant to this Section 9.01 shall be given by the Agency to any rating agency then rating the Bonds at least thirty (30) days prior to the effective date of such amendment or modification.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Agency, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Agency so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Agency and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Agency and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Agency in any of the following ways, provided that the Agency also pays or causes to be paid any other sums payable hereunder by the Agency:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Agency shall also pay or cause to be paid all other sums payable hereunder by the Agency, then and in that case, at the election of the Agency, and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Agency under this Indenture (except its obligations under Section 8.06 hereof) with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Agency, the Trustee shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Agency in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Agency may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Agency may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Agency and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Agency) to apply such money to the payment of such principal, interest and premium (if any) with respect to such Bonds, and (ii) the Agency shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Agency free from the trusts created by this Indenture and without liability for interest thereon, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Agency as aforesaid, the Trustee shall (at the written request and cost of the Agency) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Agency of the moneys held for the payment thereof.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Liability of Agency Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Agency shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Agency may, but shall not be required to, advance for any of the purposes hereof any funds of the Agency which may be made available to it for such purposes.

Section 11.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Agency, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the City, the Agency and the Owners of the Bonds.

Section 11.03. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder. The Trustee shall deliver a monthly accounting to the Agency of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that has had no activity since the last reporting date and that has a balance of zero.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Agency of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, cancel and destroy such Bonds as may be allowed by law, and the Trustee shall deliver a certificate of such destruction to the Agency.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Agency hereby declares that it would have entered into this Indenture and each and every other Section,

paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) after deposit in the United States mail, postage prepaid, upon receipt, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Agency: City of Gardena Financing Agency
 c/o City of Gardena
 1700 West 162nd Street
 Gardena, CA 90247-1310
 Attention: City Clerk
 Phone: (415) 508-2100
 Fax: (415) 467-4989

If to the City: City of Gardena
 1700 West 162nd Street
 Gardena, CA 90247-1310
 Attention: City Clerk
 Phone: (415) 508-2100
 Fax: (415) 467-4989

If to the Trustee: U.S. Bank National Association
 633 West Fifth Street, 24th Floor
 Los Angeles, CA 90071
 Attention: Global Corporate Trust
 Phone: (213) 615-6023
 Fax: (213) 615-6197

The City, the Agency and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Agency if made in the manner provided in this Section 11.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Agency in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Agency or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Agency or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination (unless 100% of the Bonds are so owned). Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Agency or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Upon request, the Agency or the City shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09. The Trustee may conclusively rely on such representation of the Agency and the City.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City, the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City, the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY OF GARDENA FINANCING AGENCY has caused this Indenture to be signed in its name by its officers identified below and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF GARDENA FINANCING
AGENCY

By _____
Tasha Cerda
Chair

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Fonda Hall
Vice President

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
LOS ANGELES COUNTY

CITY OF GARDENA FINANCING AGENCY
Lease Revenue Bonds, Series 2021

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	May 1, ____	September 8, 2021	____ _

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF GARDENA FINANCING AGENCY, a duly constituted joint exercise of powers authority under the laws of the State of California (the "Agency"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before April 15, 2022, in which event it shall bear interest from the Original Issue Date specified above; *provided, however,* that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate specified above, payable semiannually on May 1 and November 1 in each year, commencing May 1, 2022 (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Office") of U.S. Bank National Association, as trustee (the "Trustee") or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the City of Gardena (the "City"), Los Angeles County, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out

of any funds or properties of the Agency other than the Revenues (as defined in the Indenture hereinafter defined).

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the "Bonds"), in an aggregate principal amount of _____ dollars (\$____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 5 of Part 1 of Division 24 of the California Health and Safety Code (the "Law"), and pursuant to an Indenture of Trust, dated as of September 1, 2021, by and between the Agency and the Trustee (the "Indenture"), and a resolution of the Agency adopted on September 28, 2021, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued to (a) finance of a portion of the costs of the new Gardena Community Aquatic & Senior Center, and (b) pay costs of issuance of the Bonds.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Agency, and are payable from, and are secured by a charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on May 1, ____, are non-callable. The Bonds maturing on and after May 1, ____, are subject to redemption, at the option of the City, on any date on or after May 1, ____, as a whole or in part, by such maturities as shall be determined by the City, and by lot within a maturity, from prepayments of the Lease Payments made at the option of the City pursuant to the Lease Agreement, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on May 1, ____, are subject to mandatory redemption from sinking account payments made by the Agency, in part by lot, on May 1, ____, and on May 1 in each year thereafter to and including May 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (May 1)	Principal Amount
----------------------------	---------------------

† Maturity.

The Bonds maturing on May 1, ____, are subject to mandatory redemption from sinking account payments made by the Agency, in part by lot, on May 1, ____, and on May 1 in each year thereafter to and including May 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (May 1)	Principal Amount
----------------------------	---------------------

† Maturity.

The Bonds are also subject to redemption as a whole, or in part on a *pro rata* basis among maturities, on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the leased property damaged or destroyed and elected by the City, to be used for such purpose, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption may be conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default, the Trustee shall send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the City of Gardena Financing Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Chair of its Board of

Directors and attested to by the facsimile signature of the Secretary of its Board of Directors, all as of the Original Issue Date specified above.

CITY OF GARDENA FINANCING
AGENCY

By _____
Chair

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of:

The new Gardena Community Aquatic & Senior Center to be located at _____ in the City and described as follows: _____

The new Community Center to be located at _____ in the City and described as follows: _____

Park improvements including _____.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, California 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

Dated as of September 1, 2021

by and between the

CITY OF GARDENA, as Lessor

and

CITY OF GARDENA FINANCING AGENCY, as Lessee

Relating to
\$ _____
City of Gardena Financing Agency
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of September 1, 2021, is by and between the CITY OF GARDENA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessee (the "Agency");

WITNESSETH:

WHEREAS, the Agency intends to assist the City by leasing certain real property and improvements to the City pursuant to a Lease Agreement, dated as of September 1, 2021, and recorded concurrently herewith by memorandum thereof (the "Lease Agreement"), and the City proposes to enter into this Site and Facility Lease with the Agency as a material consideration for the Agency's agreement to lease such real property and improvements to the City;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Site and Facility Lease shall have the respective meanings specified in that certain Indenture of Trust, dated as of September 1, 2021, by and between the Agency and U.S. Bank National Association, as trustee thereunder.

Section 2. Site and Facility Lease. The City hereby leases to the Agency and the Agency hereby leases from the City, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility").

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Los Angeles County, State of California, and shall end on May 1, ____, unless such term is extended or sooner terminated as hereinafter provided. If, on May 1, ____, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to May 1, ____, all Lease Payments shall be fully paid or provision made for such payment in accordance with Section 4.3 or 4.4 of the Lease Agreement, the term of this Site and Facility Lease shall end. This Site and Facility Lease will not terminate until all Lease Payments under the Lease Agreement have been made.

Section 4. Rental. The City acknowledges receipt from the Agency as and for rental hereunder the sum of one dollar (\$1.00), on or before the date of delivery of this Site and Facility Lease.

Section 5. Purpose. The Agency shall use the Site and the Facility solely for the purpose of leasing the Site and the Facility to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Agency and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. City's Interest in the Site and the Facility. The City covenants that it is the owner of fee title to the Site and the Facility.

Section 7. Assignments; Subleases; Amendments. Unless the City shall be in default under the Lease Agreement, the Agency may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement and the Indenture, without the written consent of the City. This Site and Facility Lease may be amended, if required, pursuant to the provisions of Section 8.3 of the Lease Agreement.

Section 8. Right of Entry. The City reserves the right, for any of its duly authorized representatives, to enter upon the Site and the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Agency agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Site and the Facility in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site and the Facility at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 10. Default. In the event the Agency shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Agency, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Agency to the Trustee under the Indenture shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Agency, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy the Site and the Facility subject to the provisions of the Lease Agreement and the Indenture.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Agency are solely liabilities of the Agency and the City hereby releases each and every member, director, officer, employee and agent of the Agency of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Agency shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Agency hereunder.

Section 13. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Site and the Facility (including both land and improvements).

Section 14. Eminent Domain. In the event the whole or any part of the Site or the Facility is taken by eminent domain proceedings, the interest of the Agency shall be recognized and is hereby determined to be the amount of the then unpaid Bonds including the unpaid principal and interest with respect to any such Bonds then outstanding and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City.

Section 15. Use of the Proceeds. The City and the Agency hereby agree that the lease to the Agency of the City's right, title and interest in the Site and the Facility pursuant to Section 2

serves the public purposes of the City. The City hereby agrees that the proceeds of the Bonds shall be used solely for the purpose of financing the costs of certain public improvements owned, to be held or controlled by the City for its public purposes, on or before the date three years following the date of execution and delivery of the Bonds, or to refinance prior obligations of the City incurred for such purposes.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, to the City Clerk, the City of Gardena, 1700 West 162nd Street, Gardena, CA 90247, and if to the Agency, to the Secretary, City of Gardena Financing Agency, 1700 West 162nd Street, Gardena, CA 90247, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 19. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State.

Section 20. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Agency have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDENA

By _____
Tasha Cerda
Mayor

CITY OF GARDENA FINANCING
AGENCY

By _____
Tasha Cerda
Chair

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A

DESCRIPTION OF THE SITE

Real property in the City of Gardena, County of Los Angeles, State of California, described as follows:

Rowley Park Gymnasium Site (13220 South Van Ness Avenue, Gardena, CA)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GARDENA, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE SOUTHWEST CORNER OF THE ROWLEY PARK PROPERTY IN THE CITY OF GARDENA, CALIFORNIA, SAID PROPERTY HAVING ASSESSOR NUMBER 4061-022-901, AND BEING THE POINT OF BEGINNING, THEN GOING NORTH 577.0 FEET, THEN EAST 98.9 FEET TO THE SOUTHWEST CORNER OF BUILDING NUMBER TWO. FROM SAID POINT THE OUTLINE OF THE BUILDING IS DEFINED BY TRAVERSING NORTH 67.9 FEET, THEN EAST 46.7 FEET, THEN NORTH 32.4 FEET, THEN EAST 112.8 FEET, THEN SOUTH 82.8 FEET, THEN WEST 89.7 FEET, THEN SOUTH 17.2 FEET, THEN WEST 68.0 FEET TO THE SOUTHWEST CORNER OF BUILDING TWO. THE BUILDING FOOTPRINT IS APPROXIMATELY 13,000 SQUARE FEET.

EXCEPT ALL OIL, GAS, AND/OR OTHER HYDROCARBON SUBSTANCES LYING UNDER AND WITHIN SAID LAND, WHICH RESERVATION IS SUBJECT TO THE FOLLOWING CONDITIONS, TOWIT: THAT THE DEFENDANTS SHALL NEVER HAVE ANY RIGHT OF ENTRY UPON THE PARCEL OF LAND BEING CONDEMNED FOR THE PURPOSE OF DEVELOPING OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES, BUT THAT DEVELOPMENT THEREOF MAY BE MADE BY MEANS OF WELLS UNTO ADJACENT LANDS OWNED BY THE DEFENDANTS; NO SUCH WELL, HOWEVER, TO BE DRILLED NEARER THAN 150 FEET TO THE BOUNDARIES OF SAID PARCEL OF LAND, BEING CONDEMNED, AS RESERVED IN THE FINAL DECREE OF CONDEMNATION ENTERED IN SUPERIOR COURT LOS ANGELES COUNTY, CASE NO. 534017; A CERTIFIED COPY OF SAID DECREE BEING RECORDED OCTOBER 1, 1947 IN BOOK 25246 PAGE 176 OF OFFICIAL RECORDS.

PORTION OF APN: 4061-022-901

Police Headquarters Site (1718 West 162nd Street, Gardena, CA)

THOSE PORTIONS OF BLOCKS 18 AND 19 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE SOUTH 44.04 FEET OF LOT 2.

PARCEL 2:

THE WESTERLY 142.5 FEET OF LOT 3 AND THE WESTERLY 142.5 FEET OF THE SOUTH 44.04 FEET OF LOT 2 IN BLOCK 18.

PARCEL 3:

THE EASTERLY 112.50 FEET OF THE WESTERLY 142.50 FEET, MEASURED FROM THE CENTER LINE OF HARVARD BOULEVARD, 60 FEET WIDE, OF LOTS 22 AND 21 OF SAID BLOCK 18.

EXCEPT THEREFROM THE SOUTHERLY 30.00 FEET OF SAID LOT 21; SAID 30 FEET BEING A PORTION OF THE NORTHERLY 30 FEET OF GARDENA BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 4:

LOTS 1, 2 AND 3 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET THEREOF, AND NORTHERLY 40.00 FEET OF LOT 1, SAID EASTERLY 30 FEET AND NORTHERLY 40 FEET BEING WITHIN HARVARD BOULEVARD AND 162ND STREET, AS SHOWN ON SAID MAP.

PARCEL 5:

LOT 4 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET AND THE EASTERLY 200.86 FEET OF THE WESTERLY 249.36 FEET OF THE SOUTHERLY 26.90 FEET THEREOF, SAID EASTERLY 30 FEET BEING A PORTION OF THE WESTERLY 30 FEET OF HARVARD BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 6:

THE NORTHERLY 102.10 FEET OF LOT 5 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET AND THE EASTERLY 200.86 FEET OF THE WESTERLY 249.36 FEET THEREOF, SAID EASTERLY 30 FEET BEING A PORTION OF THE WESTERLY 30 FEET OF HARVARD BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 7:

THAT PORTION OF HARVARD BOULEVARD, AS VACATED BY RESOLUTION NO. 1869 OF THE CITY COUNCIL OF THE CITY OF GARDENA, A CERTIFIED COPY OF WHICH BEING RECORDED JANUARY 12, 1962 IN BOOK M1478 PAGE 232, OFFICIAL RECORDS, AS INSTRUMENT NO. 3986 OF THE COUNTY OF LOS ANGELES, LYING BETWEEN THE SOUTHERLY LINE OF 162ND STREET, (FORMERLY MARKET STREET, 80.00 FEET WIDE) AND THE NORTHERLY LINE OF GARDENA BOULEVARD, (60 FEET WIDE).

APN: 6105-004-901

Fire Department Headquarters Site (1650 West 162nd Street, Gardena, CA)

THOSE PORTIONS OF BLOCK 18 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE WESTERLY 142.5 FEET OF LOTS 1 AND 2. ALSO EXCEPTING THE SOUTH 44.04 OF LOT 2.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the following:

Rowley Park Gymnasium

Rowley Park Gymnasium located on the Site at 13220 South Van Ness Avenue in the City of Gardena, was dedicated February 12, 1990. The facility is _____.

Police Headquarters

Police Headquarters located on the Site at 1718 West 162nd Street in the City of Gardena has approximately 63,475 square feet of site area and approximately 23,690 square feet of building space that includes a one-story brick masonry police headquarters structure (Class C construction). The facility was built in 1963. Separate modular units have been constructed in the parking lot, and on an adjacent property to serve as annex offices.

Fire Department Headquarters

Fire Department Headquarters located on the Site at 1650 West 162nd Street in the City of Gardena. The station was built in 1964, contains 17,915 square feet of space, houses a an engine, a paramedic unit and a utility truck and is staffed by eight sworn personnel and three civilians.

LEASE AGREEMENT

Dated as of September 1, 2021

by and between the

CITY OF GARDENA FINANCING AGENCY, as Lessor

and the

CITY OF GARDENA, as Lessee

Relating to

\$_____

**City of Gardena Financing Agency
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021**

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EXHIBIT A:	DESCRIPTION OF THE SITE
EXHIBIT B:	DESCRIPTION OF THE FACILITY
EXHIBIT C:	SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of September 1, 2021, by and between the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessor (the "Agency"), and the CITY OF GARDENA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of September 1, 2021 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, with the Site, the "Property"), all for the purpose of enabling the City to (a) finance of a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) finance the costs of acquiring and renovating an existing building to be converted into a new Community Center, and (c) finance various park improvements (collectively, the "Project");

WHEREAS, the Agency proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of September 1, 2021, by and between the Agency and the Trustee (the "Indenture"), and pursuant to which the Agency will issue and the Trustee will authenticate and deliver the \$_____ aggregate principal amount of City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the "Bonds");

WHEREAS, the Agency and the City have duly authorized the execution and delivery of this Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

- EXHIBIT A: DESCRIPTION OF THE SITE
- EXHIBIT B: DESCRIPTION OF THE FACILITY
- EXHIBIT C: SCHEDULE OF LEASE PAYMENTS

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Agency. The Agency makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence*. The Agency is a joint exercise of powers entity, organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement, the Site and Facility Lease and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Agency, enforceable against the Agency in accordance with their respective terms.

(b) *Due Execution*. The representatives of the Agency executing this Lease Agreement, the Site and Facility Lease and the Indenture, are fully authorized to execute the same pursuant to official action taken by the governing body of the Agency.

(c) *Valid, Binding and Enforceable Obligations*. This Lease Agreement, the Site and Facility Lease and the Indenture have been duly authorized, executed and delivered by the Agency and constitute the legal, valid and binding agreements of the Agency, enforceable against the Agency in accordance with their respective terms.

(d) *No Conflicts*. The execution and delivery of this Lease Agreement, the Site and Facility Lease and the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Agency is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Agency, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement, the Site and Facility Lease and the Indenture, or the financial condition, assets, properties or operations of the Agency.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the Agency, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement, the Site and Facility Lease and the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Agency after reasonable investigation, threatened against or affecting the Agency or the assets, properties or operations of the Agency which, if determined adversely

to the Agency or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease Agreement, the Site and Facility Lease or the Indenture, or upon the financial condition, assets, properties or operations of the Agency, and the Agency is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement, the Site and Facility Lease or the Indenture or the financial conditions, assets, properties or operations of the Agency.

Section 2.2. Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the Agency as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The City is a municipal corporation and general law city organized and existing under and by virtue of its charter and the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution.* The representatives of the City executing the Site and Facility Lease and this Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) *Valid, Binding and Enforceable Obligations.* The Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease and this Lease Agreement, or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease and this Lease Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease and this Lease Agreement, or the financial conditions, assets, properties or operations of the City.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. The Bonds. The Agency has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Agency agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture. The City hereby approves the Indenture, the assignment to the Trustee of the rights (but none of the obligations) of the Agency assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Agency thereunder.

Section 3.2. Plans and Specifications for the Projects. Before any payment is made for the Project or any component thereof from amounts on deposit in the Project Fund, the City shall have filed with the Agency detailed Plans and Specifications relating thereto. The City may from time to time file amendments to such Plans and Specifications with the Agency and may thereby change or modify the description of the Project or any component thereof.

Section 3.3. Acquisition and Construction of the Project. The Agency hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the Acquisition and Construction of the Project in accordance with Plans and Specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Project Costs shall be made from amounts on deposit in the Project Fund, pursuant to Section 3.03 of the Indenture. All contracts for, and all work relating to, the Acquisition and Construction of the Project shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The Agency expects that the Acquisition and Construction of the Project will be completed on or before August 1, 2024; *provided, however*, that the failure to complete the Project by the estimated Completion Date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Lease Payments allocable to such Project.

The City shall have the right from time to time in its sole discretion to amend the description of the Project to be financed and leased by the Agency hereunder.

Upon the completion of the Acquisition and Construction of the Project, the amounts, if any, on deposit in the Project Fund shall be transferred by the City to the Trustee for deposit in the Bond Fund and the City shall close the Project Fund.

Section 3.4. Grant of Easements. The City hereby grants to the Agency all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Agency to acquire, construct and install the Project thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.5. Appointment of City as Agent of Agency. The Agency hereby appoints the City as its agent to carry out all phases of the Acquisition and Construction of the Project

pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Agency regarding the Acquisition and Construction of the Project. The Agency, or the City as agent of the Agency hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the Acquisition and Construction of the Project. All contracts for, and all work relating to, the Acquisition and Construction of the Projects shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like project and property by joint powers authorities and by municipal corporations.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT; LEASE PAYMENTS

Section 4.1. Lease of Property. The Agency hereby leases the Property to the City, and the City hereby leases the Property from the Agency, upon the terms and conditions set forth in this Lease Agreement.

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of May 1, 2041 or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on May 1, ____, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond May 1, ____.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. In consideration of the lease of the Property from the Agency hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Agency, its successors and assigns, as rental for the use and occupancy of the Property during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Property in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. Any amount held in the Revenue Fund, the Interest Account, the Principal Account or the Sinking Account on any Lease Payment Date, derived from any source of funds of the City or the Agency, shall be credited towards the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Property for such Fiscal Year.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof.

(b) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid.

(c) *Fair Rental Value*. The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Property for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Property during each Fiscal Year. The Agency and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation*. The Lease Payments and Additional Payments shall be payable from any source of available funds of the City, subject to the

provisions of Section 6.2. The City covenants to take such action as may be necessary to include all Lease Payments and Additional Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City. During the Term of the Lease Agreement, the City shall furnish to the Agency and the Trustee, no later than thirty days following the adoption of a budget for the current Fiscal Year, a certificate stating that the Lease Payments and Additional Payments due in that Fiscal Year have been included in the budget approved by the City Council for such Fiscal Year.

(e) *Assignment.* The City understands and agrees that all Lease Payments have previously been assigned by the Agency to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Agency hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit.* Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Agency hereby grants an option to the City to prepay the principal component of the Lease Payments in full, or in part, without premium.

Said option may be exercised with respect to Lease Payments due on and after April 15, ____, in whole or in part on any date commencing April 15, ____. Said option shall be exercised by the City by giving written notice to the Agency and the Trustee of the exercise of such option at least forty-five (45) days prior to said Lease Payment Date, or such lesser number of days acceptable to the Agency and the Trustee in the sole discretion of the Agency and the Trustee. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Insurance and Condemnation Fund and the Revenue Fund, will be sufficient to pay the aggregate unpaid Lease Payments on said Lease Payment Date as set forth in Exhibit C hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash equal to the amount desired to be prepaid (the principal component of which shall be an amount divisible by \$5,000) together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such manner as the City shall determine and if the City shall fail to make such determination, in inverse order of their payment dates. Lease Payments due

after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Agency shall provide the City with quiet use and enjoyment of the Property, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Agency, except as expressly set forth in this Lease Agreement. The Agency will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Agency may lawfully do so. Notwithstanding the foregoing, the Agency shall have the right to inspect the Property as provided in Section 7.2.

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Agency in and to the Property shall be transferred to and vested in the City. The Agency agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(a) Any fees and expenses incurred by the Agency in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Agency or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Indenture; and

(d) Any reasonable out-of-pocket expenses of the Agency in connection with the execution and delivery of this Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Agency in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or incurred by the Agency in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration hereof or thereof.

ARTICLE V
MAINTENANCE, TAXES, INSURANCE AND OTHER
MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, phone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Agency agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Agency or the City affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Agency shall notify the City that, in the reasonable opinion of the Agency, by nonpayment of any such items, the interest of the Agency in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Agency with full security against any loss which may result from nonpayment, in form satisfactory to the Agency and the Trustee.

Section 5.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Agency a Written Certificate of the City stating that the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be notified the Agency of the City's intention to do so, the City may in good faith contest any

lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Agency with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Agency. The Agency will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Agency, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance, if any, shall be paid to the Trustee

and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site and Facility Lease and this Lease Agreement, or a memorandum hereof or thereof, in each case in form and substance approved by Bond Counsel, to be recorded in the office of the Los Angeles County Recorder, and (b) obtain a CLTA policy of title insurance which insures the City's leasehold estate in the Property in an amount equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of Bonds pursuant to Section 4.01(d) of the Indenture.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee and additional insured so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization (without regard to designations of plus (+) or minus (-)). The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, no later than June 15 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the City, in which neither the Agency nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.9. Liens. Neither the City nor the Agency shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on

or with respect to any portion of the Property, other than the respective rights of the Trustee, the Agency and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Agency shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Agency for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation.* The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition.* The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement.* The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage.* The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The City shall take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that the Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Property by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.08 of the Indenture.

(b) *From Eminent Domain Award.* If the Property or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

(c) *From Title Insurance Award.* The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Property; Non-Completion.* The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which is hereinafter provided for) there is substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Agency such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Property is available for use and possession by the City. In the event of any such damage, destruction or non-completion, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage, destruction or non-completion. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain.* If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Property as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Agency such that the resulting Lease Payments for the

Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE AUTHORITY AND ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE INDENTURE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROPERTY.

Section 7.2. Rights of Access. The City agrees that the Agency and any Authorized Representative of the Agency, and the Agency's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The City further agrees that the Agency, any Authorized Representative of the Agency, and the Agency's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder; provided, however, that the Agency's assigns shall not be required to cause such proper maintenance.

Section 7.3. Non-Liability of the Agency. The Agency shall not be obligated to pay the principal of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Lease Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Agency or any member of the Agency is pledged to the payment of the principal or interest on the Bonds. Neither the Agency nor its members, Board members, officers, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Lease Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the City under this Lease Agreement.

The City hereby acknowledges that the Agency's sole source of moneys to repay the Bonds will be payments made by the City to the Trustee pursuant to this Lease Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal and interest on the Bonds as the same shall become due (whether by maturity, redemption or otherwise), then upon notice from the Trustee, the City shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the City, the Agency or any third party, subject to any right of reimbursement from the Agency or any such third party, as the case may be, therefor but solely, in the case of the Agency, from the Revenues.

Section 7.4. Expenses. The City shall pay and indemnify the Agency and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to

the Trustee, without negligence or willful misconduct) and arising out of or in connection with the Site and Facility Lease, this Lease Agreement, the Indenture and the Bonds. These obligations and those in Section 7.5 shall remain valid and in effect notwithstanding payment of the Lease Payments or the Bonds or termination of this Lease Agreement or the Indenture.

Section 7.5. Indemnification.

(a) To the fullest extent permitted by law, the City agrees to indemnify, hold harmless and defend the Agency, the Trustee, and each of their respective past, present and future officers, members, Board members, officials, officers, directors, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Site and Facility Lease, this Lease Agreement or the Tax Certificate relating to the Bonds, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the City or any of its agents, contractors, servants, employees, tenants) or licensees in connection with the Property, the operation of the Property, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Property or any part thereof;

(iii) any lien or charge upon payments by the City to the Agency and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Agency or the Trustee in respect of any portion of the Property;

(iv) any violation of any environmental laws or regulations with respect to, or the release of any hazardous substances from, the Property or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable; or

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Agency or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the City, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the City shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the City if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section 7.5 shall survive the termination of this Lease Agreement.

Section 7.6. Waiver of Personal Liability. No member, Board member, officer, agent or employee of the Agency or any officer, agent or employee of the City shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease Agreement, but nothing herein contained shall relieve any such member, Board member, officer, agent or employee from the performance of any official duty provided by law or by this Lease Agreement.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Agency. Certain rights of the Agency under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, subject to, and delivery to the Agency of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Agency and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the City shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State; and

(d) The City shall furnish the Agency and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not, in itself, cause the interest on the Bonds to become included in gross income of the Owners of the Bonds for federal income tax purposes.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Agency and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Agency and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall certify in writing to the Agency and the Trustee that such Substitute Site serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to

Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Agency evidence that the Substitute Site (or the portions to be substituted) is of equal or greater value than the Site (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Site shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The City shall certify that the Substitute Site is of the same or greater essentiality to the City as was the Former Site;

(viii) The City shall certify that the Substitute Site has a useful life equal to or longer than the remaining term of the Bonds;

(ix) The City shall provide notice of such substitution to any rating agency then rating the Bonds; and

(x) The City shall furnish the Agency and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

(b) *Substitution of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute a substitute facility or substitute facilities (a "Substitute Facility") for the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Agency and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility, if applicable;

(ii) The City shall file with the Agency and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iii) The City shall certify in writing to the Agency and the Trustee that such Substitute Facility serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Agency evidence that the Substitute Facility (or the portions to be substituted) is of equal or greater value than the property (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall certify that the Substitute Facility is of the same or greater essentiality to the City as was the Former Facility;

(vii) The City shall certify that the Substitute Facility has a useful life equal to or longer than the remaining term of the Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

(c) *Release of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Agency and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Agency and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Agency evidence that the Site, as revised by such release, without regard to the value of the Facility, has a value at least equal to the principal amount of the Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Bonds.

(d) *Release of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Agency and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Agency and the Trustee an amended Exhibit B to this Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Trustee and the Agency evidence that the Facility, as revised by such release, together with the Site, has a total value at least equal to the principal amount of the Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Bonds.

(e) *Generally.* The Agency and the City may at any time amend or modify any of the provisions of this Lease Agreement, but only (a) with the prior written consent of the Owners

of a majority in aggregate principal amount of the Outstanding Bonds, or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City; or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Agency and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Agency or the Trustee; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time which shall last no longer than 120 days after the original written notice.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Agency to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest or the leasehold interest of the City in the Property to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Agency may exercise any and all rights of entry and re-entry upon the Property. The City hereby irrevocably consents to the Agency’s repossession of the Property if such an Event of Default shall occur and consents to the Agency’s re-letting of the Property for the account of the City. In the event of such default and notwithstanding any re-entry by the Agency, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event, such rent and/or damages shall be payable to the Agency at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Agency for

any deficiency arising out of the re-leasing of the Property, or, in the event the Agency is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Agency or any suit in unlawful detainer, or otherwise, brought by the Agency for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Agency.

(b) The City hereby irrevocably appoints the Agency as the agent and attorney-in-fact of the City to enter upon and re-lease the Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Property to place such property in storage or other suitable place in Los Angeles County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Agency from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Agency or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Agency in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City that may be in or upon the Property.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Agency to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Agency in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Agency nor the Trustee shall exercise any remedies against the Property to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part

of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Agency under this Article IX have been assigned by the Agency to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee shall be considered a third party beneficiary for enforcing its rights under this Lease Agreement.

ARTICLE X
MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Agency:	City of Gardena Financing Agency c/o City of Gardena 1700 West 162nd Street Gardena, CA 90247-1310 Attention: City Clerk Phone: (415) 508-2100 Fax: (415) 467-4989
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If to the City:	City of Gardena 1700 West 162nd Street Gardena, CA 90247-1310 Attention: City Clerk Phone: (415) 508-2100 Fax: (415) 467-4989
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If to the Trustee:	U.S. Bank National Association 633 West Fifth Street, 24 th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Phone: (213) 615-6023 Fax: (213) 615-6197
--------------------	---

The Agency, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Agency and the City and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Agency, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Agency and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be

executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease 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.

Section 10.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.8. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Agency or the City is required, or the Agency or the City is required to take some action at the request of the other, such approval or such request shall be given for the Agency by an Authorized Representative of the Agency and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Agency hereby releases each and every member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

Section 10.10. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Agency, the Trustee, the City, the Agency and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Lease Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the Trustee, the City, the Agency and the Owners of the Bonds.

Section 10.11. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Agency has caused this Lease Agreement to be executed in its name by its duly authorized officers; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

CITY OF GARDENA FINANCING
AGENCY

By _____
Tasha Cerda
Chair

CITY OF GARDENA

By _____
Tasha Cerda
Mayor

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A

DESCRIPTION OF THE SITE

Real property in the City of Gardena, County of Los Angeles, State of California, described as follows:

Rowley Park Gymnasium Site (13220 South Van Ness Avenue, Gardena, CA)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GARDENA, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE SOUTHWEST CORNER OF THE ROWLEY PARK PROPERTY IN THE CITY OF GARDENA, CALIFORNIA, SAID PROPERTY HAVING ASSESSOR NUMBER 4061-022-901, AND BEING THE POINT OF BEGINNING, THEN GOING NORTH 577.0 FEET, THEN EAST 98.9 FEET TO THE SOUTHWEST CORNER OF BUILDING NUMBER TWO. FROM SAID POINT THE OUTLINE OF THE BUILDING IS DEFINED BY TRAVERSING NORTH 67.9 FEET, THEN EAST 46.7 FEET, THEN NORTH 32.4 FEET, THEN EAST 112.8 FEET, THEN SOUTH 82.8 FEET, THEN WEST 89.7 FEET, THEN SOUTH 17.2 FEET, THEN WEST 68.0 FEET TO THE SOUTHWEST CORNER OF BUILDING TWO. THE BUILDING FOOTPRINT IS APPROXIMATELY 13,000 SQUARE FEET.

EXCEPT ALL OIL, GAS, AND/OR OTHER HYDROCARBON SUBSTANCES LYING UNDER AND WITHIN SAID LAND, WHICH RESERVATION IS SUBJECT TO THE FOLLOWING CONDITIONS, TOWIT: THAT THE DEFENDANTS SHALL NEVER HAVE ANY RIGHT OF ENTRY UPON THE PARCEL OF LAND BEING CONDEMNED FOR THE PURPOSE OF DEVELOPING OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES, BUT THAT DEVELOPMENT THEREOF MAY BE MADE BY MEANS OF WELLS UNTO ADJACENT LANDS OWNED BY THE DEFENDANTS; NO SUCH WELL, HOWEVER, TO BE DRILLED NEARER THAN 150 FEET TO THE BOUNDARIES OF SAID PARCEL OF LAND, BEING CONDEMNED, AS RESERVED IN THE FINAL DECREE OF CONDEMNATION ENTERED IN SUPERIOR COURT LOS ANGELES COUNTY, CASE NO. 534017; A CERTIFIED COPY OF SAID DECREE BEING RECORDED OCTOBER 1, 1947 IN BOOK 25246 PAGE 176 OF OFFICIAL RECORDS.

PORTION OF APN: 4061-022-901

Police Headquarters Site (1718 West 162nd Street, Gardena, CA)

THOSE PORTIONS OF BLOCKS 18 AND 19 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE SOUTH 44.04 FEET OF LOT 2.

PARCEL 2:

THE WESTERLY 142.5 FEET OF LOT 3 AND THE WESTERLY 142.5 FEET OF THE SOUTH 44.04 FEET OF LOT 2 IN BLOCK 18.

PARCEL 3:

THE EASTERLY 112.50 FEET OF THE WESTERLY 142.50 FEET, MEASURED FROM THE CENTER LINE OF HARVARD BOULEVARD, 60 FEET WIDE, OF LOTS 22 AND 21 OF SAID BLOCK 18.

EXCEPT THEREFROM THE SOUTHERLY 30.00 FEET OF SAID LOT 21; SAID 30 FEET BEING A PORTION OF THE NORTHERLY 30 FEET OF GARDENA BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 4:

LOTS 1, 2 AND 3 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET THEREOF, AND NORTHERLY 40.00 FEET OF LOT 1, SAID EASTERLY 30 FEET AND NORTHERLY 40 FEET BEING WITHIN HARVARD BOULEVARD AND 162ND STREET, AS SHOWN ON SAID MAP.

PARCEL 5:

LOT 4 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET AND THE EASTERLY 200.86 FEET OF THE WESTERLY 249.36 FEET OF THE SOUTHERLY 26.90 FEET THEREOF, SAID EASTERLY 30 FEET BEING A PORTION OF THE WESTERLY 30 FEET OF HARVARD BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 6:

THE NORTHERLY 102.10 FEET OF LOT 5 OF SAID BLOCK 19.

EXCEPT THEREFROM THE EASTERLY 30.00 FEET AND THE EASTERLY 200.86 FEET OF THE WESTERLY 249.36 FEET THEREOF, SAID EASTERLY 30 FEET BEING A PORTION OF THE WESTERLY 30 FEET OF HARVARD BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 7:

THAT PORTION OF HARVARD BOULEVARD, AS VACATED BY RESOLUTION NO. 1869 OF THE CITY COUNCIL OF THE CITY OF GARDENA, A CERTIFIED COPY OF WHICH BEING RECORDED JANUARY 12, 1962 IN BOOK M1478 PAGE 232, OFFICIAL RECORDS, AS INSTRUMENT NO. 3986 OF THE COUNTY OF LOS ANGELES, LYING BETWEEN THE SOUTHERLY LINE OF 162ND STREET, (FORMERLY MARKET STREET, 80.00 FEET WIDE) AND THE NORTHERLY LINE OF GARDENA BOULEVARD, (60 FEET WIDE).

APN: 6105-004-901

Fire Department Headquarters Site (1650 West 162nd Street, Gardena, CA)

THOSE PORTIONS OF BLOCK 18 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE WESTERLY 142.5 FEET OF LOTS 1 AND 2. ALSO EXCEPTING THE SOUTH 44.04 OF LOT 2.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the following:

Rowley Park Gymnasium

Rowley Park Gymnasium located on the Site at 13220 South Van Ness Avenue in the City of Gardena, was dedicated February 12, 1990. The facility is _____.

Police Headquarters

Police Headquarters located on the Site at 1718 West 162nd Street in the City of Gardena has approximately 63,475 square feet of site area and approximately 23,690 square feet of building space that includes a one-story brick masonry police headquarters structure (Class C construction). The facility was built in 1963. Separate modular units have been constructed in the parking lot, and on an adjacent property to serve as annex offices.

Fire Department Headquarters

Fire Department Headquarters located on the Site at 1650 West 162nd Street in the City of Gardena. The station was built in 1964, contains 17,915 square feet of space, houses a an engine, a paramedic unit and a utility truck and is staffed by eight sworn personnel and three civilians.

EXHIBIT C
SCHEDULE OF LEASE PAYMENTS

<div>Lease Payment Date</div>	<div>Principal Component</div>	<div>Interest Component</div>	<div>Total Lease Payment</div>

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 11, 2021

NEW ISSUE—FULL BOOK ENTRY

RATING:
S&P: “ ”
See “RATING” herein.

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the Agency and the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.



\$ _____ *

CITY OF GARDENA FINANCING AGENCY (Los Angeles County, California) Lease Revenue Bonds, Series 2021

Dated: Date of Delivery

Due: May 1, as shown on the inside cover

The \$ _____ * City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the “Bonds”), are being issued by the City of Gardena Financing Agency, a joint exercise of powers entity organized and existing under the laws of the State of California (the “Agency”), pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, resolutions adopted by the Agency and the City of Gardena (the “City”) and an Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are being issued to (a) finance a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) finance the costs of acquiring and renovating an existing building to be converted into a new Community Center, (c) finance various park improvements and (d) pay the costs of issuance of the Bonds. See “THE PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Bonds are secured by a pledge of and lien on the Revenues (as defined herein), consisting primarily of Lease Payments (as defined herein).

The City will lease certain real property and the improvements thereon (collectively, the “Property”) from the Agency pursuant to a Lease Agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency and the City. Under the Lease Agreement, the City is required to make Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the Bonds. All of the Agency’s right, title and interest in and to the Lease Agreement (except for the right to receive any Additional Payments (as defined herein) to the extent payable to the Agency and certain rights to indemnification), including the right to receive Lease Payments under the Lease Agreement, will be assigned to the Trustee under the Indenture for the benefit of the Bondholders. See “SECURITY FOR THE BONDS” herein. The obligation of the City to make Lease Payments and Additional Payments is subject to abatement during any period in which, by reason of damage, destruction or a taking by eminent domain, there is substantial interference with the use and occupancy by the City of any portion of the Property. A reserve fund will not be funded for the Bonds.

The Bonds are subject to redemption as described herein. See “THE BONDS—Redemption” herein.

The Bonds are issuable in denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2022. See “THE BONDS” herein. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS” herein and APPENDIX E—BOOK-ENTRY ONLY SYSTEM.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM AND SECURED SOLELY BY CERTAIN PROCEEDS OF THE BONDS HELD IN CERTAIN FUNDS AND ACCOUNTS PURSUANT TO THE INDENTURE AND THE REVENUES DERIVED FROM LEASE PAYMENTS AND OTHER PAYMENTS MADE OR CAUSED TO BE MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT. THE CITY HAS COVENANTED IN THE LEASE AGREEMENT TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL GENERAL FUND BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AGENCY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

MATURITY SCHEDULE

SEE INSIDE COVER

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

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to the approval as to their validity by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Agency and the City by the City Attorney, and by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through DTC on or about September 8, 2021.

BofA Securities

Dated: August __, 2021

*Preliminary, subject to change.

\$ _____ *

CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS*

\$ _____ Serial Bonds

CUSIP† Prefix: _____

Maturity May 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
-------------------	---------------------	------------------	-------	------------------

\$ _____ % Term Bonds maturing May 1, ____; Price: ____%, to yield ____%; CUSIP† _____

\$ _____ % Term Bonds maturing May 1, ____; Price: ____%, to yield ____%; CUSIP† _____

*Preliminary, subject to change.

† Copyright 2021, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the registered owners of the Bonds. None of the Agency, the City nor the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Agency with respect to the Bonds that has been deemed "final" by the Agency and the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesperson or other person has been authorized by the Agency, the City or the Underwriter to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Agency, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from official sources and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency or the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Agency's or the City's forecasts in any way, regardless of the level of optimism communicated in the information. The Agency is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See "CONTINUING DISCLOSURE" herein.

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The execution, sale and delivery of the Bonds has 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.

The City maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Bonds.

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GARDENA • CALIFORNIA



CITY OF GARDENA

1700 West 162nd St.
Gardena, CA 90247
(310) 217-9500
www.cityofgardena.org

CITY COUNCIL MEMBERS

Tasha Cerda, *Chair/Mayor*
Rodney G. Tanaka, *Vice Chair/Mayor Pro Tem*
Paulette C. Francis, *Boardmember/Councilmember*
Art Kaskanian, *Boardmember/Councilmember*
Mark E. Henderson, Ed.D., *Boardmember/Councilmember*

CITY OFFICIALS

Clint Osorio, *City Manager*
Ray Beeman, CPA, *Chief Fiscal Officer*
J. Ingrid Tsukiyama, *City Treasurer*
Mina Semenza, *City Clerk*
Jones & Mayer, City Attorney

PROFESSIONAL SERVICES

KNN Public Finance, LLC
Los Angeles, California
Municipal Advisor

U.S. Bank National Association
Los Angeles, California
Trustee

Quint & Thimmig LLP
Larkspur, California
Bond Counsel and Disclosure Counsel

\$ _____ *

CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Bonds (as defined below) and is qualified in its entirety by reference to the entire Official Statement and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California (the “State”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms in the Indenture. See APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Definitions.

General Description

This Official Statement, including the cover page, the inside cover page and the attached appendices (this “Official Statement”), provides certain information concerning the issuance of \$ _____ * aggregate principal amount of City of Gardena Financing Agency Lease Revenue Bonds, Series 2021 (the “Bonds”), by the City of Gardena Financing Agency, a joint exercise of powers entity organized under the laws of the State (the “Agency”). The Bonds are being issued pursuant to Article 4, Chapter 5, Division 7, Title 1 (commencing with section 6584) of the California Government Code, a resolution of the Agency authorizing the issuance of the Bonds, adopted on August 10, 2021 (the “Agency Resolution”), and an Indenture, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are being issued to (a) finance a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) finance the costs of acquiring and renovating an existing building to be converted into a new Community Center, (c) finance various park improvements (collectively, the “Project”), and (d) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT.”

Terms of the Bonds

The Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable semiannually on each May 1 and November 1 (each, an “Interest Payment Date”), commencing May 1, 2022, computed at the respective rates of interest set forth on the inside cover page of this Official Statement. The Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof. The Bonds are subject to optional and mandatory redemption as described herein. See “THE BONDS.”

* Preliminary, subject to change.

Book-Entry Only

The Bonds will be issuable in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository of the Bonds and all payments due on the Bonds will be made to DTC or its nominee. Ownership interests in the Bonds may be purchased in book-entry form only. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Source of Payment for the Bonds

Pursuant to the Site and Facility Lease, dated as of September 1, 2021 (the “Site and Facility Lease”), by and between the City and the Agency, the City will lease to the Agency certain real property and certain facilities and improvements located thereon (the “Property”) owned by the City. See “THE PROPERTY.” Concurrently, the City will sublease the Property from the Agency pursuant to a Lease Agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency and the City. Under the Lease Agreement, subject to abatement as provided therein, the City is required to make lease payments (the “Lease Payments”) from legally available funds for use and occupancy of the Property in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. The City has covenanted in the Lease Agreement to take such action as may be necessary to include the Lease Payments in each of its annual budgets during the term of the Lease Agreement and has further covenanted to make the necessary annual appropriations for all such Lease Payments. All of the Agency’s right, title and interest in and to the Lease Agreement (apart from certain rights to receive Additional Payments to the extent payable to the Agency and to indemnification), including the right to receive Lease Payments under the Lease Agreement, are assigned to the Trustee under the Indenture for the benefit of the Bondowners.

Except to the extent of amounts otherwise available to the City for payments under the Lease Agreement, during any period in which, by reason of material damage, destruction or condemnation there is substantial interference with the use and occupancy by the City of any portion of the Property, Lease Payments will be adjusted or abated in the proportion in which the value of that portion of the Property rendered unusable bears to the entire value of the Property. Such adjustment or abatement will end with the substantial replacement or reconstruction of the Property. To the extent proceeds of rental interruption insurance are available or there are moneys in the Insurance and Condemnation Fund or Revenue Fund, the Lease Agreement provides there will be no abatement of Lease Payments. See “SECURITY FOR THE BONDS—Abatement.”

The Bonds are special limited obligations of the Agency payable solely from and secured by the Revenues and certain other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Indenture and pledged therefor, and the Revenues may not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that the Revenues may be applied for such other purposes as are permitted under the Indenture. “Revenues” means (i) all Lease Payments and other amounts paid, or caused to be paid, by the City, and received by the Agency pursuant to the Lease Agreement (but not Additional Payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund).

No Additional Bonds

The Agency may not issue additional bonds, notes or other indebtedness that would be payable out of the Revenues in whole or in part. See “SECURITY FOR THE BONDS—Additional Bonds.”

The Agency

The Agency is a joint exercise of powers entity formed on July 23, 1991, by agreement between the City and the Parking Authority of the City of Gardena pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code. See “THE AGENCY.”

The City

The City was incorporated as a general law city on September 11, 1930. The City is located approximately 15 miles south of the Los Angeles and 6 miles southeast of Los Angeles International Airport in the South Bay (southwestern) region of Los Angeles County (the “County”). The City encompasses an area of approximately 5.9 square miles and has a current population of approximately 60,000 residents. Gardena is bordered by Athens on the north, the Los Angeles neighborhood of Harbor Gateway on the east and south, Torrance on the southwest, Alondra Park on the west, and Hawthorne on the northwest. The City is served by three major freeways and is the home of a mix of aerospace, high tech and various other industries.

Policy-making and legislative authority are vested in the City Council of the City (the “City Council”) consisting of a Mayor and four other elected City Council members. The City Council appoints the City Manager and the City Attorney. The City Manager is responsible for directing, coordinating and carrying out City Council policies. See “THE CITY,” “CITY FINANCIAL INFORMATION,” APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY and APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020.

Limited Liability

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM AND SECURED SOLELY BY CERTAIN PROCEEDS OF THE BONDS HELD IN CERTAIN FUNDS AND ACCOUNTS PURSUANT TO THE INDENTURE AND THE REVENUES DERIVED FROM LEASE PAYMENTS AND OTHER PAYMENTS MADE OR CAUSED TO BE MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT. THE AGENCY IS NOT OBLIGATED TO PAY INTEREST ON OR PRINCIPAL OF THE BONDS EXCEPT FROM THE REVENUES. THE CITY HAS COVENANTED IN THE LEASE AGREEMENT TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AGENCY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY

FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a Pandemic (the “COVID-19 Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the City, California, and the United States. The COVID-19 Pandemic is ongoing, has effected and will continue to effect the City and its finances. The duration and severity of the COVID-19 Pandemic and the ramifications of the economic and other actions that may be taken by governmental authorities to contain the COVID-19 Pandemic or to treat its impacts is uncertain. For additional discussion of the COVID-19 Pandemic, see “RISK FACTORS—COVID-19 Pandemic” herein.

The City experienced COVID-19 Pandemic related impacts to some of its primary General Fund revenue sources, with the largest impact occurring in the City’s card club revenue collections. Sales and use taxes, the City’s largest General Fund revenue source, declined less than projected due in part to increased revenues from sales taxes on online purchases. The City’s property tax revenues have been minimally impacted. For a discussion of the City’s General Fund revenue sources, including card club revenues, sales and use taxes, and property taxes, see “CITY FINANCIAL INFORMATION” herein.

The City also adopted certain budget mitigation measures in Fiscal Year 2020-21 with a goal of cutting expenditures to offset COVID-19 Pandemic related impacts such as a temporary hiring freeze and salary reductions for certain City Staff. While the City did draw down its General Fund fund balance during Fiscal Years 2019-20 and 2020-21, the City does not project a need to draw down its General Fund fund balance in its Fiscal Year 2021-22 Budget. For a discussion of the City’s fund balance policy, See “CITY FINANCIAL INFORMATION – General Fund Budget.”

Continuing Disclosure

The ultimate security for the payments of principal and interest on the Bonds comes from the Lease Payments to be made by the City, and, therefore, the City, as an obligated person within the meaning of the Rule (as defined below), has agreed to undertake the continuing disclosure responsibilities required by the Rule. The Agency has not undertaken a commitment to provide any continuing disclosure required by the Rule.

The City will covenant in a continuing disclosure certificate (the “Continuing Disclosure Certificate”) to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”) certain annual financial information and operating data of the type set forth herein including, but not limited to, its audited financial statements and, in a timely manner, notice of certain material events. See “CONTINUING DISCLOSURE” and APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the Agency and the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the City to make the Lease Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Other Information

The descriptions herein of the Indenture, the Lease Agreement and any other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS. Copies of the documents are on file and, upon request and payment to the City of a charge for copying, mailing and handling, from the City Manager, City of Gardena, 1700 West 162nd Street, Gardena, CA 90247, Telephone: (310) 217-9500.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the City or the Agency since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City or the Agency. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMNATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds realized upon the sale of, or in connection with, the Bonds as follows:

Estimated Sources:

Principal Amount of Bonds

Less/Plus: Original Issue Discount/Premium

Total Sources

=====

Estimated Uses:

Deposit to Project Fund

Costs of Issuance Fund (1)

Total Uses

=====

-
- (1) Includes, but is not limited to, the Underwriter's discount, the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee and the rating agency, costs of printing the Official Statement and other costs incurred by the Agency and the City in connection with the issuance and delivery of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service due on the Bonds.

Bond Year Ending May 1	Principal (1)	Interest	Total

TOTALS			
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(1) Includes mandatory sinking fund payments.

Pursuant to the Lease Agreement, the City is required to make Lease Payments which have been calculated to be sufficient to make the interest and principal payments due on the Bonds. The City's Lease Payments are due on the fifteenth calendar day of the month preceding each Interest Payment Date.

THE PROPERTY

The Property consists of the Rowley Park Gymnasium, the Police Station and the Fire Department Headquarters.

Rowley Park Gymnasium located on the Site at 13220 South Van Ness Avenue in the City of Gardena, is a 3,458 square foot facility dedicated February 12, 1990.

Police Headquarters located on the Site at 1718 West 162nd Street in the City of Gardena has approximately 63,475 square feet of site area and approximately 23,690 square feet of building space that includes a one-story brick masonry police headquarters structure (Class C construction). The facility was

built in 1963. Separate modular units have been constructed in the parking lot, and on an adjacent property to serve as annex offices.

Fire Department Headquarters located on the Site at 1650 West 162nd Street in the City of Gardena. The station was built in 1964, contains 17,915 square feet of space, houses a an engine, a paramedic unit and a utility truck and is staffed by eight sworn personnel and three civilians.

THE PROJECT

The Project consists of (a) a portion of the costs of construction of the new Gardena Community Aquatic & Senior Center, (b) the costs of acquiring and renovating an existing building to be converted into a new Community Center, and (c) various park improvements.

Gardena Community Aquatic & Senior Center

- 12,000 square foot Senior/Aquatic Center facility
- 8 lane competition pool with ADA accessible learning pool
- New park to include exercise stations, picnic tables and walking path

Community Center

- Acquisition of a building/lot
- Provides multipurpose room for events and classes
- Information hub for the community at large

Park Improvements

- Expand Current Building Size & Functionality
- Information & Technology Hub in North Gardena
- Health and Fitness Center

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on May 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof.

Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing May 1, 2022 (each, an "Interest Payment Date"), to the person whose name appears on the Registration Books as the Owner thereof as of the fifteenth calendar day of the month immediately preceding each such Interest Payment Date (each, a "Record Date"), such interest to be paid by check of the Trustee mailed by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Bond will be paid by check of the Trustee upon

presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX G—BOOK-ENTRY ONLY SYSTEM. Principal of and interest on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of its date of delivery and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before April 15, 2015, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond will not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to the Indenture. Whenever any Bond or Bonds are required to be surrendered for transfer, the Agency will execute and the Trustee will authenticate and will deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Any Bond may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond will not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption

Optional Redemption. The Bonds maturing on and before May 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after May 1, ____, are subject to optional redemption prior to their respective stated maturities, at the written direction of the

Agency, from moneys deposited by the Agency or the City, in whole or in part, in such order of maturity as the City designates (and, if no specific order of redemption is designated by the City, in inverse order of maturity), on any date on or after May 1, _____ from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on May 1, _____ (the “_____ Term Bonds”) are subject to mandatory sinking fund redemption in part by lot on May 1, _____, and on each May 1 to and including May 1, _____, 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 _____ Term Bonds have been optionally redeemed, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of _____ Term Bonds so redeemed, to be allocated among the sinking account payments as are thereafter payable on a *pro rata* basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

Redemption Date (May 1)	Principal Amount
_____	_____

† Maturity.

The Bonds maturing on May 1, _____ (the “_____ Term Bonds”) are subject to mandatory sinking fund redemption in part by lot on May 1, _____, and on each May 1 to and including May 1, _____, 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 _____ Term Bonds have been optionally redeemed, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of _____ Term Bonds so redeemed, to be allocated among the sinking account payments as are thereafter payable on a *pro rata* basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

Redemption Date (May 1)	Principal Amount

† Maturity.

Extraordinary Redemption from Insurance or Condemnation Proceeds. The Bonds are also subject to redemption as a whole, or in part on a pro rata basis among maturities then outstanding, as determined by the Trustee in its sole discretion, on any date, in integral multiples of \$5,000, to the extent of prepayments made by the City from insurance proceeds or condemnation proceeds not used to repair, reconstruct or replace any portion of the Property damaged or destroyed or elected by the City to be used for such purpose, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of less than all of the Bonds of a particular maturity, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption

Notice of redemption will be mailed by first-class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books maintained by the Trustee, and to the Municipal Securities Rulemaking Board, the Securities Depositories and the Information Services. Each notice of redemption will state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon will cease to accrue and will require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Agency, for and on behalf of the Agency.

Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice shall be of no force and effect, (ii) the City shall not be required to redeem such Bonds ; (iii) the redemption shall

be cancelled and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any Bonds of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

So long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Partial Redemption of Bonds

Upon surrender of any Bonds redeemed in part only, the Agency will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

Effect of Redemption

If notice of redemption has been given, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption are being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of the Indenture will be canceled by the Trustee upon surrender thereof and destroyed.

SECURITY FOR THE BONDS

General

The Bonds are special limited obligations of the Agency payable solely from and secured solely by the Revenues pledged therefor under the Indenture, together with amounts on deposit from time to time in the funds and accounts held by the Trustee, including proceeds of the sale of the Bonds.

Under the Indenture, the Agency assigns to the Trustee, for the benefit of the Owners of the Bonds, all of the Revenues and all of the rights of the Agency in the Lease Agreement (except for the right to receive any Additional Payments to the extent payable to the Agency and certain rights to indemnification set forth therein). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or

received by the Agency are required to be held, and to have been collected or received, by the Agency as the agent of the Trustee and must be paid by the Agency to the Trustee.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND OTHER MONEYS PLEDGED THERETO IN THE INDENTURE. THE BONDS ARE NOT A DEBT OF THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS AND NEITHER THE AGENCY, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS, EXCEPT THE AGENCY TO THE EXTENT DESCRIBED HEREIN, IS LIABLE THEREON. IN NO EVENT WILL THE BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON 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 BY REASON OF THEIR ISSUANCE.

Lease Payments and Additional Payments

The Lease Agreement requires the City, subject to abatement as provided therein, to deposit with the Trustee, as assignee of the Agency, on each April 15 and October 15, commencing on April 15, 2022 (the "Lease Payment Dates"), an amount equal to the aggregate Lease Payment coming due and payable on each such Lease Payment Date. The Lease Payments payable in any fiscal year of the City constitute payment for the use and possession of the Property during such fiscal year. The City will receive a credit towards payment of Lease Payments for amounts on deposit in the Revenue Fund (including the Interest Account and the Principal Account therein) on each Lease Payment Date.

The obligation of the City to make Lease Payments is subject to annual appropriations of the City from funds lawfully available therefor. The obligation of the City to make Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the full faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged to make Lease Payments under the Lease Agreement. The Agency has no taxing power. The Lease Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Bonds.

In addition to the Lease Payments, the City is required to pay when due the following Additional Payments: (a) any fees and expenses incurred by the Agency in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable; (b) any amount due to the Trustee pursuant to the terms of the Indenture; (c) any reasonable fees and expenses of such accountants, consultants, attorneys, and other experts as may be engaged by the Agency or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Indenture; and (d) any reasonable out-of-pocket expenses of the Agency in connection with the execution and delivery of the Lease Agreement, the Indenture or the Continuing Disclosure Certificate or in connection with the issuance of the Bonds.

Pursuant to the Lease Agreement, the City covenants to take such action as may be necessary to include all Lease Payments and Additional Payments due thereunder in its annual budgets and to make annual appropriations therefor. As provided in the Lease Agreement, the covenants of the City thereunder are duties imposed by law, and it is the duty of each and every public official of the City to take such action

and to do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Lease Payments made by the City to the Agency are payable from any revenues lawfully available to the City therefor. The Lease Agreement and the Indenture require that Lease Payments be deposited in the Revenue Fund maintained by the Trustee, which fund is held for the benefit of the owners of the Bonds.

California law requires, and the Lease Agreement provides, that Lease Payments are required to be abated in whole or in part during any period in which there is substantial interference with the use and occupancy of the Property by the City due to damage, destruction or taking in eminent domain proceedings. Under these circumstances, failure to make any Lease Payment will not be an event of default under the Lease Agreement. See “SECURITY FOR THE BONDS—Abatement” below.

Insurance and Condemnation Awards

In the event of any damage to or destruction of any part of the Property covered by insurance, the Agency, except as hereinafter provided, is required to cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Property, and the Trustee is required to hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds are required to be applied to the repair, reconstruction or replacement of the Property to at least the same good order, repair and condition as was the case prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee is required to invest said proceeds in Permitted Investments pursuant to the Written Request of the City, as agent for the Agency under the Lease Agreement, and withdrawals of said proceeds are required to be made from time to time upon the filing of a Written Request of the City with the Trustee, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Property, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City is required to file a written certificate with the Trustee to the effect that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Property. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance are required to be treated by the Trustee as Lease Payments. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Property, or that portion, in the case of partial damage or destruction of the Property, of the Lease Payments relating to the damaged or destroyed portion of the Property, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Property and thereupon is required to cause said proceeds to be used for the redemption of Outstanding Bonds. The City is not required to apply the proceeds of insurance to redeem the Bonds in part due to damage or destruction of a portion of the Property unless the Trustee receives a written certificate of the Agency to the effect that the Lease Payments on the undamaged portion of the Property will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

No assurance can be given that the proceeds of any insurance or condemnation award will be sufficient under all circumstances to repair or replace any damaged or taken Property or to prepay all Lease Payments with respect to the Property. Also, the City makes no representation as to the sufficiency of any

insurance awards or the adequacy of any self-insurance to pay, when and as due, amounts payable under the Lease Agreement or the Bonds.

Abatement

The Lease Agreement provides for the abatement of Lease Payments during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which may cause abatement of Lease Payments as described below), which causes substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement will be an amount agreed upon by the City and the Agency such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed or the portion of the Property completed and available for use and possession by the City. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. There will be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Bond Fund to pay the amount which would otherwise be abated. See “—Insurance—Rental Interruption Insurance.”

If all of the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Lease Agreement will terminate with respect to the Property as of the day possession is so taken. If less than all of the Property is taken permanently, or if all of the Property or any part thereof is taken temporarily under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect, and (b) there will be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Agency such that the resulting Lease Payments for the Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Insurance

Fire and Extended Coverage Insurance. The City is required under the Lease Agreement to procure and maintain or cause to be procured and maintained, throughout the term of the Lease Agreement, insurance against loss or damage to any structures constituting any part of the Property by fire and lightning, with extended coverage insurance, vandalism, malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance is required to, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance is required to be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Property. The net proceeds of such insurance will be applied as provided under the caption “SECURITY FOR THE BONDS—Insurance and Condemnation Awards” above.

Rental Interruption Insurance. The Lease Agreement requires the City to procure and maintain or cause to be procured and maintained rental interruption insurance or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of certain hazards, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24-month period. Such insurance may be maintained as part of or in conjunction with any other property insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers

agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance except for a time element deductible not to exceed sixty days in duration. The proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Revenue Fund, and will be credited towards the payment of the Lease Payments as the same become due and payable.

Title Insurance. The City is required to obtain upon the execution and delivery of the Lease Agreement, title insurance on the Property, in an amount not less than the aggregate principal amount of Bonds issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance are required to be delivered to the Trustee as a prepayment of rent and are required to be applied by the Trustee to the redemption of Bonds.

No Additional Bonds

Pursuant to the Indenture, the Agency may not issue additional bonds, notes or other indebtedness which would be payable out of the Revenues in whole or in part. See "THE AGENCY."

THE AGENCY

The Agency is a joint exercise of powers authority created by and existing under the laws of the State established pursuant to that certain Joint Exercise of Powers Agreement dated July 23, 1991, between the City and the Parking Authority of the City of Gardena. The Agency is administered by a governing Board which consists of the members of the City Council. THE AGENCY IS NOT OBLIGATED IN ANY MANNER WHATSOEVER TO MAKE PAYMENTS WITH RESPECT TO THE BONDS FROM ANY SOURCE OTHER THAN LEASE PAYMENTS.

THE CITY

The City was incorporated on September 11, 1930. The City is located approximately 15 miles south of the Los Angeles and 6 miles southeast of Los Angeles International Airport in the South Bay (southwestern) region of the County. The City encompasses an area of approximately 5.9 square miles and has a current population of approximately 60,937 residents. Gardena is bordered by Athens on the north, the Los Angeles neighborhood of Harbor Gateway on the east and south, Torrance on the southwest, Alondra Park on the west, and Hawthorne on the northwest. The City is served by three major freeways and is the home of a mix of aerospace, high tech and various other industries.

The City is a general law city and is governed by a City Council of five representatives. The Mayor and four City Council members are elected on an at-large basis for staggered four-year terms. Each year, the members of the City Council choose one member to serve as Mayor Pro Tem. The Mayor Pro Tem acts in the Mayor's place when absent. The City Council appoints the City Manager who is responsible for supervising day to day operations of the City and carrying out policies set by the City Council and the City Attorney.

Members of the Council and key administrative personnel of the City are listed at the front of this Official Statement.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY for an additional description of the City as well as certain demographic and statistical information.

CITY FINANCIAL INFORMATION

Financial Statements and Budgetary Process

The City's accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The City retained The Pun Group Accountants & Advisors, Santa Ana, California (the "City's Auditor"), to examine the general purpose financial statements of the City as of and for the year ended June 30, 2020. The audited financial statements for Fiscal Year ended June 30, 2020, are included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020. The City has not requested, and the City's Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budget Process. The City Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the City Council.

A comprehensive mid-year budget review is done to update revenue and expenditure projections. In addition, the City Council receives quarterly budget updates. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the City's operating budget is the program area within each fund, and for the capital improvement budget it is each individual capital improvement project within each fund. For the operating budget, the City Manager has the authority to move appropriations between accounts (without dollar limitation) within a budget program and within the same fund as long as the transfers are within the same program area. For the capital improvement program, the City Manager has the authority to transfer

appropriations (with no dollar limitation) between capital projects within the same fund. Appropriation increases, decreases or transfers between funds require the approval of the City Council.

All appropriations lapse at the end of the fiscal year unless specific carryovers are approved by the City Council.

Certain of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. See "STATE BUDGET INFORMATION."

Impact of COVID-19 Pandemic on Future Budgeting. Impact of COVID-19 Pandemic on Future Budgeting. The COVID-19 Pandemic is ongoing, and the duration and severity of the outbreak, and the ramifications of the economic and other of actions that have been or may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. While the ultimate impact of COVID-19 on the City's operations and finances is unknown, property tax collections, the General Fund's primary revenue source, have been minimally impacted to date.

The City continues to monitor the intermediate and long-term impacts of the COVID-19 Pandemic and what, if any, further expenditure reductions will be needed due to reduced revenues. The depth, breadth and length of any economic downturn will directly impact the City's planning with regards to reductions in expenditures such as staffing cuts, program elimination, reductions in services. For additional discussion, see "RISK FACTORS – COVID-19 Pandemic."

General Fund Balance Sheet

The following table shows the City's audited General Fund balance sheet for the past five fiscal years.

TABLE 1
CITY OF GARDENA
GENERAL FUND
BALANCE SHEET

	Fiscal Year Ending June 30,				
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Audited
ASSETS					
Cash and investments	\$ 17,418,908	\$ 20,489,704	\$ 21,155,757	\$ 14,418,692	\$ 7,327,214
Accounts receivable	600,737	955,731	1,144,209	2,637,077	2,454,639
Taxes receivable	5,477,778	4,001,456	3,392,467	2,913,266	2,927,432
Interest receivable	42,897	87,965	142,354	115,340	44,542
Employees receivables	57,167	48,397	44,049	44,378	37,822
Inventories	63,201	78,970	71,941	69,361	44,833
Prepaid items and deposits	69,451	166,766	269,941	264,442	257,528
Due from other governments	77,455	122,648	1,661,179	111,732	238,920
Due from other funds	514,873	2,084,954	1,118,069	534,713	3,607,083
Long-term receivables	56,787	53,637	50,486	44,697	41,547
Total Assets	\$ 24,379,254	\$ 28,090,228	\$ 29,050,452	\$ 21,153,698	\$ 16,981,560
LIABILITIES					
Accounts payable	\$ 650,765	\$ 683,679	\$ 822,855	\$ 878,991	\$ 1,137,633
Accrued liabilities	29,680	54,631	24,817	4,135	192,307
Salaries and benefits payable	905,326	1,068,358	1,064,438	1,084,830	1,311,658
Deposits payable	1,507,730	1,777,157	3,260,650	2,560,139	2,960,344
Unearned revenues	15,001	30,002	30,008	-	-
Total Liabilities	\$ 3,108,502	\$ 3,613,827	\$ 5,202,768	\$ 4,528,095	\$ 5,601,942
DEFERRER INFLOWS OF RESOURCES					
Unavailable revenue	\$ 400,764	\$ 589,256	\$ 331,244	\$ 110,719	\$ 745,043
FUND BALANCES					
Non-spendable	\$ 189,819	\$ 294,133	\$ 385,931	\$ 333,803	\$ 302,361
Restricted	164,116	43,611	5,287	-	-
Committed	17,542,367	19,413,135	19,315,675	13,287,448	7,310,676
Assigned	2,773,686	3,936,266	3,609,547	2,622,256	2,848,416
Unassigned	200,000	200,000	200,000	271,377	173,122
Total Fund Balances	\$ 20,869,988	\$ 23,887,145	\$ 23,516,440	\$ 16,514,884	\$ 10,634,575
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,379,254	\$ 28,090,228	\$ 29,050,452	\$ 21,153,698	\$ 16,981,560

Source: City of Gardena 2016-20 Comprehensive Annual Financial Reports.

General Fund Revenues, Expenditures, and Changes in Fund Balances

The following table shows the City's audited results for General Fund revenues and expenditures for Fiscal Years 2017-18 through 2019-20, estimates from the City's Finance Department for Fiscal Year 2020-21, and budgeted projections for Fiscal Year 2021-22.

TABLE 2
CITY OF GARDENA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

	Fiscal Year Ending June 30,				
	2018 Audited	2019 Audited	2020 Audited	2021 Estimates ⁽¹⁾	2022 Budgeted ⁽¹⁾
REVENUES					
Taxes	\$44,449,284	\$47,271,198	\$42,745,369	\$49,924,167	\$55,741,767
Licenses and permits	1,694,670	1,735,711	1,646,059	1,700,000	1,779,976
Intergovernmental	506,630	464,588	542,272	8,135,064 ⁽²⁾	527,500
Charges for services	5,070,020	5,270,787	6,142,402	4,792,970	5,079,337
Fines, forfeitures, and penalties	959,626	1,537,714	1,070,462	845,327	980,000
Use of money and property	(18,444)	843,510	853,247	100,000	255,000
Miscellaneous	1,080,591	752,900	652,275	502,036	562,035
Total Revenues	53,742,377	57,876,408	53,652,086	65,999,564	64,925,615
EXPENDITURES					
General government	5,016,851	5,992,704	6,566,075	5,123,624	5,599,812
Public safety	37,596,764	45,579,943	40,996,394	39,275,489	42,047,539
Public works	3,259,450	7,146,168	7,019,470	5,069,480	6,338,125
Recreation and human services	6,585,254	2,985,197	2,774,192	2,602,995	3,397,540
Community development	1,492,575	1,657,758	1,802,936	1,556,354	1,857,031
Capital outlay	477,894	226,170	277,739	683,901	628,600
Debt service - Principal	17,898	-	-	-	-
Debt service - Interest	-	-	-	-	-
Total Expenditures	54,446,686	63,587,940	59,436,806	54,311,843	59,868,647
REVENUES OVER EXPENDITURES	(704,309)	(5,711,532)	(5,784,720)	11,687,721	5,056,968
OTHER FINANCING SOURCES/(USES)					
Proceeds from sale of capital assets	410,810	10,190	16,366	-	-
Transfers in	1,819,094	2,380,977	2,238,108	2,018,523	2,098,821
Transfers out	(1,896,300)	(3,681,191)	(2,350,063)	(2,617,257)	(6,847,437)
Total Other Financing Sources	333,604	(1,290,024)	(95,589)	(598,734)	(4,748,616)
NET CHANGE IN FUND BALANCES	(370,705)	(7,001,556)	(5,880,309)	11,088,987	308,352
FUND BALANCES - BEGINNING OF YEAR	23,887,145	23,516,440	16,514,884	10,634,575	21,723,562
FUND BALANCES - END OF YEAR	23,516,440	16,514,884	10,634,575	21,723,562	22,031,914

Source: City of Gardena 2018-20 Comprehensive Annual Financial Reports and City of Gardena.

- (1) Data from Fiscal Years 2018-20 is audited, data from Fiscal Year 2020-21 are estimates provided by the City's Finance Department, and data for Fiscal Year 2021-22 are projections from the City's 2021-22 Budget, adopted June 22, 2021.
- (2) Intergovernmental revenues for Fiscal Year 2020-21 include the receipt of \$7.5 million of COVID-19 Pandemic aid under the American Rescue Plan Act. For more information, see "Federal Aid."

General Fund Budget

The following table shows the City's General Fund budget figures for Fiscal Year 2018-19 and 2019-20 and a comparison of the final General Fund budget versus audited actuals for those fiscal years.

TABLE 3
CITY OF GARDENA
GENERAL FUND
BUDGET TO ACTUALS COMPARISON
Fiscal Years 2018-19 and 2019-20

	Fiscal Year 2018-19			Fiscal Year 2019-20		
	Adopted Budget	Final Budget	Audited Actuals	Adopted Budget	Final Budget	Audited Actuals
REVENUES						
Taxes	\$46,349,740	\$46,349,740	\$47,271,198	\$48,019,591	\$48,019,591	\$42,745,369
Licenses and permits	1,958,500	1,958,500	1,735,711	1,799,150	1,799,150	1,646,059
Intergovernmental	506,900	506,900	464,588	530,910	530,910	542,272
Charges for services	5,127,300	5,127,300	5,270,787	5,275,998	5,275,998	6,142,402
Fines, forfeitures and penalties	1,135,000	1,135,000	1,537,714	1,216,125	1,216,125	1,070,462
Use of money and property	270,000	270,000	843,510	730,625	730,625	853,247
Miscellaneous	1,078,136	1,078,136	752,900	1,100,942	1,100,942	652,275
Total Revenues	56,425,576	56,425,576	57,876,408	58,673,341	58,673,341	53,652,086
EXPENDITURES						
City clerk	392,250	395,250	381,637	480,235	480,235	515,798
City treasurer	250,557	250,557	246,377	261,728	261,728	268,061
Executive office	1,760,514	1,760,514	1,950,599	2,273,385	2,273,385	2,509,245
Administrative services	2,567,641	2,567,641	2,369,154	2,329,671	2,329,671	1,989,077
Non-departmental	716,664	716,664	1,044,937	1,681,536	1,657,836	1,283,894
Public safety - Police	28,509,960	34,569,960 ⁽¹⁾	34,985,330 ⁽¹⁾	29,329,503	29,329,503	29,509,994
Public safety - Fire	10,754,510	10,754,510	10,594,613	10,926,074	10,926,074	11,486,400
Public works	7,451,305	7,451,305	7,146,168	7,433,856	7,433,856	7,019,470
Recreation and human services	2,675,470	2,675,470	2,985,197	2,625,860	2,649,560	2,774,192
Community development	1,685,408	1,685,408	1,657,758	1,810,695	1,810,695	1,802,936
Capital outlay	103,600	103,600	226,170	103,600	103,600	277,739
Total Expenditures	56,867,879	62,930,879	63,587,940	59,256,116	59,256,116	59,436,806
REVENUES OVER EXPENDITURES	(442,303)	(6,505,303)	(5,711,532)	(582,775)	(582,775)	(5,784,720)
OTHER FINANCING SOURCES						
Proceeds from sale of capital assets	35,000	35,000	10,190	40,000	40,000	16,366
Transfers in	2,593,500	2,593,500	2,380,977	2,746,750	2,746,750	2,238,108
Transfers out	(2,003,497)	(2,003,497)	(3,681,191)	(2,023,775)	(2,023,775)	(2,350,063)
Total Other Financing Sources	625,003	625,003	(1,290,024)	762,975	762,975	(95,589)
NET CHANGE IN FUND BALANCES	182,700	(5,880,300)	(7,001,556)	180,200	180,200	(5,880,309)
FUND BALANCES - BEGINNING OF YEAR			23,516,440			16,514,884
FUND BALANCES - END OF YEAR			16,514,884			10,634,575

Source: City of Gardena 2019 and 2020 Comprehensive Annual Financial Reports.

(1) The City made an additional discretionary payment of \$6 million towards the Safety Plan's Unfunded Accrued Liability in June 2019 to save approximately \$11 million over the next 20 years.

Federal Aid. On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) into law authorizing more than \$2 trillion to battle COVID-19 and its economic effects, including immediate cash relief for individual citizens, expanded unemployment insurance for workers, loan programs for small business, additional funds for state and local governments, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. The City has received approximately \$752,397 in CARES Act funding from the State.

The \$1.9 trillion American Rescue Plan Act of 2021 (the “American Rescue Plan Act”) was signed into law on March 11, 2021, for purposes related to the COVID-19 Pandemic. The American Rescue Plan Act includes \$350 billion in state and local government fiscal aid to augment allocations provided in the CARES Act. The City expects to receive \$15 million in total from this source. Distributions under the American Rescue Plan Act will occur in two tranches, one each in 2021 and 2022, and are required to be spent by December 31, 2024. Examples of allowable uses for American Rescue Plan Act funds include but are not limited to:

- Addressing public health needs related to the COVID-19 pandemic including mitigation, medical expenses, behavioral health care and public health resources,
- Providing assistance to individuals, households, small businesses and impacted industries,
- Addressing the disproportionate public health and economic impacts of the COVID-19 pandemic on the hardest-hit communities, populations and households,
- Backfilling reductions in revenue by comparing actual revenue to an alternative representative that could have been expected to occur in the absence of the pandemic,
- Providing premium pay directly, or through grants to private employers, to essential workers who must be physically present at their jobs, and
- Financing certain water and sewer infrastructure projects.

The City is currently in the process of determining how to deploy the American Rescue Plan Act aid.

The American Rescue Plan Act also contains \$195 billion of aid to states. The City does not yet know whether the State will pass through a portion of its aid to local governments, as it did with its Cares Act funding. In addition, the City may benefit from other subventions and grants authorized in the American Rescue Plan Act. The City cannot give any assurance that it will receive any further relief funds.

City Financial Management

The City Council has adopted financial management policies including: (1) a general finance and budget policy; (2) an investment policy to ensure the prudent investment of City funds; (3) a debt issuance policy, and (4) a Unfunded Actuarial Liability Policy. The City’s fiscal policies are reviewed at least annually and are adopted or reaffirmed in conjunction with approval of the budget.

General Fund Fund Balance Policy. The City will increase the its General Fund fund balance in any fiscal year in which recurring revenue sources exceed recurring expenditure uses with the intent to attain and maintain a minimum committed balance of three (3) months, or 25%, of regular General Fund operating expenditures.

The table below shows the City's General Fund fund balances for the four most recent fiscal years and budgeted projections for Fiscal Year 2021-22.

	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20 Audited	2020-21 Estimates	2021-22 Budgeted
Nonspendable	\$294,133	\$385,931	\$333,803	\$302,361	\$275,000	\$275,483
Restricted	43,611	5,287	0	0	0	0
Committed	19,413,135	19,315,675	13,287,448	7,310,676	18,418,201	18,933,289
Assigned	3,936,266	3,609,547	2,622,256	2,848,416	2,830,362	2,567,649
Unassigned	200,000	200,000	271,377	173,122	200,000	255,495
Total Fund Balances	\$23,887,145	\$23,516,440	\$16,514,884	\$10,634,575	\$21,723,563	\$22,031,916
Committed % of Total Exp. (25% Policy Target)	35%	34%	20%	12%	32%	28%
Total Balances % of Total Exp.	43%	42%	25%	17%	38%	33%

Source: City of Gardena..

The City currently estimates that its General Fund fund balance is at a level of 38% of regular General Fund operating expenditures as of June 30, 2021 and projects its General Fund fund balance to constitute 33% of regular General Fund operating expenditures in Fiscal Years 2021-22.

Investment Policy. The investment of funds of the City (except pension and retirement funds) is made in accordance with the City's Investment Policy, most recently approved June 23, 2020 (the "Investment Policy"), prepared by the City Chief Fiscal Officer as authorized by section 53601 of the Government Code of California. The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made. Invested funds are managed to ensure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the City adopted a debt management policy on October 8, 2013, to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

UAL Policy. The City has adopted a policy with respect to the Unfunded Actuarial Liability for its pension plans ("UAL") whereby 10-60% of any savings from pension obligation refunding obligations are pledged to future UAL costs.

Principal Sources of General Fund Revenues

The City relies on several sources to balance its General Fund budget. The most important of these revenue sources (based on percentage of the total revenue budget) are taxes and fees including the following: sales taxes, card club revenues, property taxes, vehicle license fees and utility user's taxes.

The table below shows the City's General Fund tax revenues by source for the four most recent fiscal years and budgeted projections for Fiscal Year 2021-22. Following the table is a brief discussion of each of the City's primary sources of General Fund revenues.

TABLE 4
CITY OF GARDENA
PRINCIPAL SOURCES OF GENERAL FUND REVENUES

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
	Audited	Audited	Audited	Estimates ⁽²⁾	Budgeted ⁽¹⁾⁽²⁾
Sales taxes	\$11,542,520	\$12,611,795	\$11,611,936	\$12,100,794	\$12,578,902
Sales taxes – Measure G ⁽²⁾	-	-	-	7,637,780	7,612,939
Card club revenues	8,071,000	8,101,583	4,718,691	3,350,000	7,500,000
Property tax	7,109,380	7,694,736	8,165,458	8,471,663	8,704,634
Vehicle license fees	5,885,121	6,269,483	6,664,379	7,034,607	7,312,472
Utility user taxes	5,088,450	4,955,646	4,801,229	4,819,630	4,877,820
Business license taxes	2,727,532	2,843,375	2,438,304	2,350,000	2,550,000
Franchise taxes	3,993,316	4,765,183	4,297,060	4,115,000	4,555,000
Other taxes	31,965	29,397	48,312	44,693	50,000
Total Tax Revenues	44,449,284	47,271,198	42,745,369	49,924,167	55,741,767
Charges for Services	5,070,020	5,270,787	6,142,402	4,792,970	5,079,337
American Rescue Plan ⁽³⁾	-	-	-	7,501,031 ⁽³⁾	-
All Other General Fund Revenues	4,223,073	5,334,423	4,764,315	3,781,396	4,104,511
Total General Fund Revenues	\$53,742,377	\$57,876,408	\$53,652,086	\$65,999,564	\$64,925,615

Source: City of Gardena Finance Department.

Note: Data from Fiscal Years 2018-20 is audited, data from Fiscal Year 2020-21 are estimates provided by the City's Finance Department, and data for Fiscal Year 2021-22 are projections from the City's Budget.

(1) As projected in the City's 2021-22 Budget, adopted June 22, 2021.

(2) Measure G sales tax collections began July 1, 2020.

(3) The City received approximately \$7.5 million of COVID-19 Pandemic aid in Fiscal Year 2020-21 under the American Rescue Plan Act. For more information, see "Federal Aid."

Sales and Use Taxes. Sales and use taxes are the General Fund's largest revenue source. The City currently receives a 1% share of all taxable sales generated within its borders and a 0.75% sales tax that was passed by the voters of the City at the March 3, 2020 election ("Measure G").

In Fiscal Year 2019-20, sales and use taxes generated approximately \$11.6 million in General Fund revenues and in Fiscal Year 2020-21, sales and use taxes are estimated to have generated approximately \$19.7 million in General Fund revenues (which includes full-year sales tax revenues of \$7.6 million from Measure G that began on July 1, 2020). Sales and use taxes are budgeted to generate \$20.2 million in Fiscal Year 2021-22 (including \$7.6 million in sales tax revenues generated from Measure G). For additional discussion, see "SALES AND USE TAXES."

Card Club Revenues. Card club revenues are historically the City's second largest General Fund revenue source. The City currently has two card clubs, the Lucky Lady Casino founded in 1936 and the Hustler Casino founded in 2000 (together, the "Card Clubs"). A Card Club Revenue Fee is collected by the City from the card clubs and is set by the City's Municipal Code at 12% of each card club's gross revenue.

In Fiscal Year 2019-20, card club revenues generated \$4.7 million (down from \$8.1 million the prior year), reflecting substantially reduced activity at the Card Clubs caused by the COVID-19 Pandemic. While ordinarily the General Fund's second largest revenue source, card club revenues were the General Fund's sixth largest revenue source in Fiscal Year 2019-20. The Card Clubs reopened for partial outdoor operations in October 2020 and reopened for full indoor operations on June 15, 2021. Fiscal Year 2020-21 card club revenues are projected to be \$3.3 million and Fiscal Year 2021-22 card club revenues are budgeted at \$7.5 million. For additional details on the Card Clubs, their closure and reopening, and the effects of the COVID-19 Pandemic on the City's card club revenues, see "CARD CLUB REVENUES" and "RISK FACTORS-Casino Litigation."

Property Taxes. Property taxes are typically the General Fund's third largest revenue source. The County levies a tax of 1% on the assessed valuation of property within the County. The City receives approximately a 17% share of this 1% levy for property located within the City limits. In Fiscal Year 2019-20, property taxes generated \$8.1 million, are expected to have generated \$8.5 million for Fiscal Year 2020-21 and are budgeted to generate \$8.7 million in Fiscal Year 2021-22. Property Tax revenues have been minimally impacted by the COVID-19 Pandemic to date. See "Property Taxes" below for additional information relating to the property taxes and the assessed valuation of property located in the City.

Vehicle License Fees. Vehicle license fees are assessed in the amount of 0.65% of a vehicle's depreciation market value for the privilege of operating a vehicle on California's public highways. In Fiscal Year 2019-20, vehicle license fees generated \$6.6 million, and are expected to have generated \$7.0 million for Fiscal Year 2020-21 and are budgeted to generate \$7.3 million in Fiscal Year 2021-22. For additional discussion, see "VEHICLE LICENSE FEES."

Utility User's Tax. The City imposes a utility user's tax on all utilities, electricity, gas, water, telephone and cable television. The current rate is 5% with a senior citizens exemption at age 60. In Fiscal Year 2019-20, utility user's taxes generated \$4.8 million, and are expected to have generated \$4.8 million for Fiscal Year 2020-21 and are budgeted to generate \$4.9 million in Fiscal Year 2021-22. The City's utility user's tax revenues can and do fluctuate based on market competition and its effect on rates charged by the utility providers serving customers within the City.

Charges for Services. The City charges various fees and charges for services provided, including development and inspection fees, paramedic fees, charges for public works, police, fire, library and parks and recreation services. By law, the City may not charge more than the cost of providing the service.

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in the State. The State does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City) (the "State Sales Tax"). In addition, many of the State's cities, counties, districts and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. While more than one district tax may be in effect for a particular location, counties, municipalities, and districts are allowed to increase the sales tax in specific jurisdictions up to a total of 10.25%.

**TABLE 5
CITY OF GARDENA
CURRENT SALES AND USE TAX RATES**

Component	Tax Rate
State General Fund	7.25%
Los Angeles County	0.25
Measure G ⁽¹⁾	0.75
Measure M	0.50
Measure R	0.50
Proposition C	0.50
Proposition A	0.50
Total	<u>10.25%</u>

Source: City of Gardena

(1) Measure G tax collections began July 1, 2020.

Four separate district taxes are levied on sales in the City by the Los Angeles County Metropolitan Transportation Authority, each having approved by the voters in County. The applicable sales taxes include, Measure M taxes, Measure R taxes, Proposition C taxes and Proposition A taxes.

Measure G. On March 3, 2020, the voters of the City approved Measure G, a 0.75% transactions and use tax that is collected along with other state and local sales and use taxes. Revenues from Measure G taxes are available to the City's general fund for any lawful purpose. Measure G tax collections began July 1, 2020, the start of the City's 2020-21 Fiscal Year. Measure G taxes do not have an expiration date. Actual Measure G revenues for Fiscal Year 2020-21 were approximately \$7.6 million.

The State's Department of Tax and Fee Administration actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

Top 25 Sales Tax Generators in the City. The top 25 sales tax producers in the City collectively accounted for approximately 54% of the sales tax collections in Fiscal Year 2019-20. Due to confidentiality restrictions, the exact portion of sales tax paid by each sales tax payer is not available. The following table lists the top 25 sales tax producers in the City during the 2019-20 Fiscal Year in alphabetical order. The City is not aware of any plans by the top twenty-five sales tax produces to leave the City or terminate operations.

TABLE 6
CITY OF GARDENA
TOP 25 SALES TAX GENERATORS IN FISCAL YEAR 2019-20

76	Food 4 Less	Sam's Club
A&A Chevron	G&C Equipment	Smardan Hatcher Co.
Air Fayre	Gardena Honda	Target
Albertsons	Gardena Nissan	United Oil
Arco AM PM	Honda Lease and Trust	Vons Fuel
Beacon Roofing Supply	Marukai Market	Wood Oil Company
Crenshaw Lumber Co	McDonalds	Z Gallerie
Crenshaw Wholesale Electric Supply	New York Times Sales	
Enterprise Rent A Car	Sakara Life	

Source: City of Gardena.

Note: Listed in alphabetical order. Due to confidentiality restrictions, the exact portion of sales tax paid by each sales tax payer is not available.

Effects of COVID-19 Pandemic on Sales Tax Collections. Sales tax revenues have been impacted by the COVID-19 Pandemic. “Stay at home” orders issued by State and County authorities have impacted consumers’ ability (and desire) to go out shopping or to dine out. Similar orders closing bars and prohibiting “dine in” service have negatively impacted local restaurants. The City’s sales tax receipts for Fiscal Years 2019-20 and 2020-21 have been impacted and have declined from historical levels, but are offset by Measure G sales tax revenues and increased revenues from sales taxes on online purchases in Fiscal Year 2020-21.

On March 30, 2020, the Governor signed an executive order allowing the California Department of Tax and Fee Administration to offer a 90-day extension for sales, use and transactions tax returns and tax payment for all businesses filing a return for less than \$1 million tax liability. In addition, on April 2, 2020, the Governor announced a one-year sales tax deferral for small businesses limited to \$50,000. See the caption “RISK FACTORS—COVID-19 Pandemic.” The City has not experienced any significant delays in collections as a result.

Transactions Exempt from Sales and Use Taxes. Many categories of transactions are exempt for the State Sales Tax (and thus also from Measure G sales tax). The most important of these exemptions are the sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas and electricity and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from both the State Sales Tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on revenues produced by sales taxes. The City is not currently aware of any proposed legislative change that would have a material adverse effect on the State Sales Tax.

Card Club Revenues

The City currently has two card clubs, the Lucky Lady Casino founded in 1936 and the Hustler Casino founded in 2000 (together, the “Card Clubs”). A Card Club Revenue Fee is collected by the City from the Card Clubs and is set by the City’s Municipal Code at 12% of each card club’s gross revenue. The fee is collected monthly.

A 10-Year history of the City’s Card Club Revenues, including budgeted projections for Fiscal Year 2021-22, is shown in the following table.

TABLE 7
CITY OF GARDENA
HISTORICAL CARD CLUB REVENUES

Fiscal Year	Card Club Revenues
2012-13	\$8,394,406
2013-14	9,467,078
2014-15	9,517,550
2015-16	9,057,202
2016-17	8,975,991
2017-18	8,071,001
2018-19	8,101,583
2019-20	4,718,691
2020-21 ⁽¹⁾	3,350,000
2021-22 ⁽²⁾	7,500,000

Source: City of Gardena

(1) Estimate provided by the City’s Finance Department.

(2) Budgeted Projection.

Effects of COVID-19 Pandemic on Card Club Revenues. While the Lucky Lady Casino had been closed since July 2019 for renovations, the Hustler Casino closed in March 2020 in response to the COVID-19 Pandemic. As a result of closures, the City’s collections of card club revenues was down substantially in Fiscal Year 2019-20 and 2020-21 as compared to historical levels.

Indoor gambling establishments such as the Card Clubs were not permitted to conduct indoor operations under State and County local health directives for most of calendar year 2020. In October 2020 the Card Clubs each began outdoor operations in compliance with State health directives. The Card Clubs estimated that their outdoor customer capacity was approximately 85% of indoor capacity. Customers were required to wear masks and physical barriers must separate customers where physical distancing is not possible. On June 15, 2021, the Card Clubs resumed normal operations indoors at full capacity as permitted by State and County guidelines.

While card club revenues for Fiscal Years 2019-20 and 2020-21 have been substantially impacted by disruptions caused by the COVID-19 Pandemic, the City expects card club revenues for Fiscal Year 2021-22 and beyond to begin to return to historical norms.

For additional information about certain state and federal legislation that may also affect future card club revenues, see “RISK FACTORS – Casino Litigation.”

Property Taxes

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIII A of the California Constitution, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from all tax rate areas in the County. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the SBE is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid

at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

No Teeter Plan

The Los Angeles County Board of Supervisors elected to discontinue the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sales Proceeds (commonly referred to as the "Teeter Plan") on July 1, 2009. Under the terms of the Teeter Plan, the County had remitted to local agencies the amount of uncollected taxes in exchange for retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. As the Teeter Plan has been discontinued, the City's property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Assessed Value

The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Property taxes allocated to the City are collected by the County at the same time and on the same tax rolls as are county and special district taxes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The table below shows the assessed valuation of taxable property in the City for the most recent fiscal years.

TABLE 8
CITY OF GARDENA
HISTORIC ASSESSED VALUATIONS
Fiscal Years 2010-11 to 2021-22

Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Valuation	% Change
2010-11	\$4,363,324,304	\$3,785,648	\$328,342,954	\$4,695,452,906	—
2011-12	4,392,067,188	3,447,881	318,518,605	4,714,033,674	0.40%
2012-13	4,449,807,686	3,447,881	331,556,748	4,784,812,315	1.50
2013-14	4,633,302,642	3,447,881	321,015,836	4,957,766,359	3.61
2014-15	4,851,819,389	3,447,881	315,062,605	5,170,329,875	4.29
2015-16	5,125,128,374	257,048	327,711,675	5,453,097,097	5.47
2016-17	5,388,377,619	257,048	298,317,633	5,686,952,300	4.29
2017-18	5,718,487,269	257,048	286,651,391	6,005,395,708	5.60
2018-19	6,105,408,810	257,048	291,947,663	6,397,613,521	6.53
2019-20	6,505,974,159	257,048	294,349,387	6,800,580,594	6.30
2020-21	6,928,927,078	384,066	294,669,329	7,223,980,473	6.23
2021-22	7,264,642,197	213,049	288,608,090	7,553,463,336	4.56

Source: Los Angeles County Auditor-Controller

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the City’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one year must apply to the county assessment appeals board (the “Appeals Board”). Following a review of the application by the county

assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. 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 (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county 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 and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the City's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the City in the future.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the City.

State-Assessed Property. Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the City to non-utility companies will increase the assessed value of property in the City, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the City to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the City as the value is shared among the other jurisdictions in the County. The City is unable to predict future transfers of State-assessed property in the City and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the City.

Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the City by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**TABLE 9
CITY OF GARDENA
ASSESSED VALUATION AND PARCELS BY LAND USE**

	FY2021-22 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Commercial/Office	\$1,064,687,328	14.66%	726	4.92%
Vacant Commercial	25,363,572	0.35	60	0.41
Industrial	1,117,318,602	15.38	631	4.28
Vacant Industrial	33,828,826	0.47	39	0.26
Recreational/Casinos	42,855,178	0.59	14	0.09
Government/Social/Institutional	95,154,792	1.31	141	0.96
Miscellaneous	1,469,728	0.02	55	0.37
Subtotal Non-Residential	<u>\$2,380,678,026</u>	<u>32.77%</u>	<u>1,666</u>	<u>11.30%</u>
<u>Residential:</u>				
Single Family Residence	\$2,952,162,719	40.64%	8,947	60.67%
Condominium/Townhouse	639,326,143	8.80	1,872	12.69
Mobile Home	9,983,992	0.14	343	2.33
Mobile Home Park	38,698,645	0.53	26	0.18
2-4 Residential Units	620,496,867	8.54	1,294	8.78
5+ Residential Units/Apartments	606,421,833	8.35	491	3.33
Vacant Residential	16,873,972	0.23	107	0.73
Subtotal Residential	<u>\$4,883,964,171</u>	<u>67.23%</u>	<u>13,080</u>	<u>88.70%</u>
Total	<u>\$7,264,642,197</u>	<u>100.00%</u>	<u>14,746</u>	<u>100.00%</u>

Source: California Municipal Statistics, Inc.

(1) Total secured assessed valuation, excluding tax-exempt property.

Assessed Valuation of Single Family Homes. The following table focuses on single-family residential properties only, which comprise approximately 40.64% of the assessed value of taxable property in the City.

TABLE 10
CITY OF GARDENA
PER PARCEL - ASSESSED VALUATION OF SINGLE-FAMILY HOMES

	No. of Parcels	FY2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	8,947	\$2,952,162,719	\$329,961	\$304,333

FY2021-22 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	27	0.302%	0.302%	\$ 1,086,727	0.037%	0.037%
\$50,000 - \$99,999	1,472	16.452	16.754	109,407,275	3.706	3.743
\$100,000 - \$149,999	607	6.784	23.539	73,452,418	2.488	6.231
\$150,000 - \$199,999	571	6.382	29.921	100,014,376	3.388	9.619
\$200,000 - \$249,999	914	10.216	40.136	207,720,597	7.036	16.655
\$250,000 - \$299,999	827	9.243	49.380	226,446,293	7.671	24.325
\$300,000 - \$349,999	716	8.003	57.382	231,797,424	7.852	32.177
\$350,000 - \$399,999	604	6.751	64.133	226,577,096	7.675	39.852
\$400,000 - \$449,999	583	6.516	70.649	248,048,893	8.402	48.254
\$450,000 - \$499,999	539	6.024	76.674	255,926,281	8.669	56.924
\$500,000 - \$549,999	487	5.443	82.117	255,181,061	8.644	65.567
\$550,000 - \$599,999	568	6.348	88.465	325,945,396	11.041	76.608
\$600,000 - \$649,999	485	5.421	93.886	302,777,376	10.256	86.864
\$650,000 - \$699,999	297	3.320	97.206	199,509,875	6.758	93.623
\$700,000 - \$749,999	137	1.531	98.737	98,598,892	3.340	96.962
\$750,000 - \$799,999	71	0.794	99.531	54,431,962	1.844	98.806
\$800,000 - \$849,999	32	0.358	99.888	26,239,993	0.889	99.695
\$850,000 - \$899,999	7	0.078	99.966	6,052,631	0.205	99.900
\$900,000 - \$949,999	1	0.011	99.978	929,251	0.031	99.932
\$950,000 - \$999,999	1	0.011	99.989	988,000	0.033	99.965
\$1,000,000-and greater	1	0.011	100.000	1,030,902	0.035	100.000
Total	8,947	100.000%		\$2,952,162,719	100.000%	

Source: California Municipal Statistics, Inc.

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

Principal Taxpayers. Based on Fiscal Year 2021-22 locally assessed taxable valuations, the top twenty taxable property owners in the City represent approximately 7.42% of the total Fiscal Year 2021-22 taxable value.

The following table shows the 20 largest owners of taxable property in the City as determined by secured assessed valuation in Fiscal Year 2021-22. The City is not aware of any plans by the top twenty largest local secured taxpayers to leave the City or terminate operations.

**TABLE 11
CITY OF GARDENA
LARGEST LOCAL SECURED PROPERTY TAXPAYERS**

	Property Owner	Primary Land Use	FY2021-22 Assessed Valuation	% of Total ⁽¹⁾
1.	Nissin Foods USA Company Inc.	Industrial	\$ 56,355,328	0.78%
2.	Gardena Hospital Property	Hospital	54,559,436	0.75
3.	Terreno 139th LLC	Industrial	39,471,753	0.54
4.	JSL Gardena I LLC	Shopping Center	32,181,779	0.44
5.	14215 Normandie LLC	Public Storage	31,535,355	0.43
6.	Ray Pellegrino	Apartments	28,010,254	0.39
7.	Majestic Properties Inc.	Casio/Card House	25,259,140	0.35
8.	PK I Gardena Gateway Center LP	Shopping Center	22,898,561	0.32
9.	SGL Composites, Inc.	Industrial	22,759,817	0.31
10.	Gardena Professional Medical Plaza LP	Office Building	22,629,157	0.31
11.	Mickey Asamoto, Trust	Shopping Center	21,948,055	0.30
12.	Target Corporation	Department Store	20,927,881	0.29
13.	WH Gardena Marketplace LLC	Commercial	20,668,064	0.28
14.	Liberty Property Limited	Industrial	20,489,781	0.28
15.	SPS Technologies LLC	Industrial	20,354,228	0.28
16.	Western LP	Commercial	20,207,200	0.28
17.	Kaiser Foundation Health Plan Inc.	Professional Building	20,143,205	0.28
18.	ACI Real Estate SPE 141 LLC	Commercial	20,000,000	0.28
19.	Showa Marine Inc.	Industrial	19,434,000	0.27
20.	New Group Gardena LLC	Shopping Center	19,392,288	0.27
	Total Top 20		<u>\$539,225,282</u>	<u>7.42%</u>

Source: California Municipal Statistics, Inc.

(1) FY2021-22 Local Secured Assessed Valuation: \$7,264,642,197.

Tax Levies and Delinquencies. Beginning in 1978-79, Article XIII A and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following table sets forth the secured tax charges and delinquencies for the most recent fiscal years.

TABLE 12
CITY OF GARDENA
SECURED TAX CHARGES AND DELINQUENCIES

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2010-11	\$5,334,443.36	\$127,866.88	2.40%
2011-12	5,386,422.73	112,176.12	2.08
2012-13	5,491,676.98	98,481.87	1.79
2013-14	5,698,385.64	83,912.12	1.47
2014-15	5,948,938.86	85,566.39	1.44
2015-16	6,279,553.88	88,946.21	1.42
2016-17	6,527,095.77	77,405.86	1.19
2017-18	6,924,277.09	85,879.52	1.24
2018-19	7,348,424.58	100,225.96	1.36
2019-20 ⁽²⁾	7,827,999.89	176,220.16	2.25

Source: California Municipal Statistics, Inc.

(1) 1% General Fund apportionment

(2) Last available full year data.

Impacts of COVID-19 (Coronavirus) Pandemic on Property Tax Revenues. In response to the COVID-19 Pandemic, the Governor of the State signed Executive Order N-61-20 (“Order N-61-20”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code were suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts of the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 on the City’s Fiscal Year 2019-20 and 2020-21 property tax revenues have been minimal. For additional discussion, see “RISK FACTORS— COVID-19 Pandemic.”

Vehicle License Fees

Vehicle license fees are assessed in the amount of 2% of a vehicle’s depreciation market value for the privilege of operating a vehicle on California’s public highways. A program to offset (or reduce) a portion of the vehicle license fees (“VLF”) paid by vehicle owners was established by Chapter 322, Statutes of 1998. Beginning January 1, 1999, a permanent offset of 25% of the VLF paid by vehicle owners became operative. Various pieces of legislation increased the amount of the offset in subsequent years to the existing statutory level of 67.5% of 2% (resulting in the current effective rate of 0.65%). This level of offset was estimated to provide tax relief of \$3.95 billion in the Fiscal Year 2003-04.

In connection with the offset of the VLF, the Legislature authorized appropriations from the State general fund to “backfill” the offset so that the local governments, which receive all of the vehicle license

fee revenues, would not experience any loss of revenues. The legislation that established the VLF offset program also provided that if there were insufficient general fund moneys to fully backfill the VLF offset, the percentage offset would be reduced proportionately (i.e., the license fee payable by drivers would be increased) to assure that local governments would not be disadvantaged. In June 2003, the State Director of Finance ordered the suspension of VLF offsets due to a determination that insufficient general fund moneys would be available for this purpose, and, beginning in October 2003, VLF paid by vehicle owners were restored to the 1998 level. However, the offset suspension was rescinded by the Governor on November 17, 2003, and offset payments to local governments resumed. Local governments received backfill payments totaling \$3.80 billion in Fiscal Year 2002-03. Backfill payments totaling \$2.65 billion were expected to be paid to local governments in Fiscal Year 2003-04. The State-local agreement also provided for the repayment in August 2006 of approximately \$1.2 billion in backfill that was not received by local governments during the time period between the suspension of the offsets and the implementation of higher fees. This repayment obligation was codified by Proposition 1A, which was approved by voters in the November 2004 general election and was repaid early by the State in August 2005. For a description of Proposition 1A, see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Proposition 1A of 2004.”

Beginning in Fiscal Year 2004-05, the State-local agreement permanently reduced the VLF rate to 0.65% and replaced the backfill with a like amount of property taxes. Subsequent to Fiscal Year 2004-05, each city’s “property tax in-lieu of VLF” increased proportionally to increases in such city’s assessed valuation. However, in Fiscal Years 2004-05 and 2005-06, the State “shifted” \$700 million in city and county taxes to the State’s General Fund.

Reliance on State Budget

The City does not rely on the State for a material amount of revenues.

The City cannot predict the intermediate and long-term impacts that the COVID-19 Pandemic will have on global, State-wide and local economies, which may impact City operations and local property values. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. There can be no certainty that budget-cutting strategies, such as those used in prior recessions, will not be used by the State in the future, should the State budget again be stressed.

There can be no assurance that future State budget difficulties will not adversely affect the City’s revenues or its ability to make payments under the Indenture. See “STATE BUDGET INFORMATION.”

OTHER FINANCIAL INFORMATION

Labor Relations

Currently, 338 permanent City employees are covered by negotiated agreements as detailed in the table below.

TABLE 13
CITY OF GARDENA
NEGOTIATED EMPLOYEE AGREEMENTS

Bargaining Unit	Contract Expiration Date	Number of Employees
Gardena Municipal Employees Association	5/1/2021 ⁽¹⁾	234
Gardena Management Employees Organization	6/30/2021 ⁽¹⁾	21
Gardena Police Officers Association	7/31/2024	76
Gardena Police Management	N/A	7
Total		338

Source: City of Gardena

(1) Currently under negotiation.

Risk Management

Self-Insurance. The City is self-insured for the first \$750,000 of each workers' compensation claim for the Bus Line and the City, \$750,000 of each general liability claim and \$250,000 of each Municipal Bus Line claim against the City. In addition, the City carries insurance of individual general liability claims in excess of \$750,000 to \$45,000,000 with Public Risk Innovation Solutions Management. Additionally, the City has health insurance coverage for the employees and their families with an annual maximum amount of \$1 million for all services.

The City carries stop-loss insurance of individual health benefit claims in excess of \$50,000 to \$950,000 per person per year. At June 30, 2020, \$9,412,603 has been accrued for the City's self-insurance programs, of which \$7,454,180 is considered to be current. Said accruals represent estimates of amounts to be paid for reported claims and incurred but unreported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2020 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the prior three (3) fiscal years, no settlements exceeded the City's insurance coverage.

Purchased Insurance.

Property Insurance. Several insurance companies underwrite this insurance protection. The City is currently insured according to a schedule of covered property submitted by the City to Travelers Property Casualty Company of America. Total all-risk property insurance coverage is \$67.2 million. There is a \$10,000 per loss deductible.

Crime Insurance. The City purchases crime insurance coverage with a limit of \$200,000 per occurrence. This policy provides coverage for all City employees.

Adequacy of Protection. During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 9.

Employee Retirement Plans

The information set forth below regarding the California Public Employees' Retirement System ("CalPERS") program, other than the information provided by the City regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the City or the Underwriter.

On November 24, 2020, the City issued its \$101,490,000 City of Gardena Taxable Pension Obligation Bonds, Series 2020, to finance a portion of the City's unfunded accrued actuarial liability to CalPERS. Tables 14 through 17 below are derived from the City's FY2019-20 Comprehensive Annual Financial Report and reflect information as of June 30, 2020. Tables 14 through 17 do not yet reflect the results of the City's pension obligation bond financing that occurred subsequent to the City's 2019-20 Fiscal Year.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's Safety Plan (police and fire) and Miscellaneous Plan (all others), agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2020, the following employees were covered by the benefit terms for each Plan.

**TABLE 14
CITY OF GARDENA
COVERED EMPLOYEES**

	Miscellaneous	Safety	Safety PEPRA
Active employees	336	78	14
Transferred and terminated employees	358	52	6
Retired employees and beneficiaries	383	230	-
Total	1,077	360	20

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to its Miscellaneous and Safety Plans for the most recent is summarized in the following table.

**TABLE 15
CITY OF GARDENA
HISTORICAL PENSION CONTRIBUTIONS**

Fiscal Year Ending June 30,	Miscellaneous Plan	Safety Plans	Total Contributions
2017	\$ 2,317,060	\$ 4,917,350	\$ 7,234,410
2018	2,645,234	5,401,275	8,046,509
2019	3,015,630	6,093,811	9,109,441
2020	3,688,807	6,185,808	9,874,615

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the Fiscal Year ended June 30, 2020, the City recognized pension expense of \$4,552,184 for the Miscellaneous Plan and \$11,418,295 for the Safety Plans, respectively. On June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TABLE 16
CITY OF GARDENA
DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
FISCAL YEAR 2019-20

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 4,327,858	\$ -	\$ 6,185,808	\$ -
Diff. btw. actual and expected experience	2,676,001	(65,062)	3,739,891	-
Changes in assumptions	1,025,401	(333,598)	2,347,822	(458,175)
Net diff. btw. projected and actual earnings on investment	-	(644,539)	-	(787,986)
Differences in proportions	-	-	61,441	(4,835,833)
Changes in employer's portion	-	-	4,766,141	-
Total	8,029,260	(1,043,199)	17,101,103	(6,081,994)

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

For information concerning the City's pension obligations, including descriptions of the actuarial methods and assumptions, and an explanation of the discount rate used, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 10.

Funded Status. The following table sets forth a summary of the funding progress for the City's Miscellaneous and Safety Plans for the most recent actuarial valuation dates.

TABLE 17
CITY OF GARDENA
HISTORICAL PENSION FUNDING PROGRESS

Fiscal Year Ended June 30,	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
Miscellaneous Plan					
2016	\$ 138,928,830	\$ 114,296,961	\$ 24,631,869	82.27%	\$ 18,094,788
2017	144,894,685	111,275,668	33,619,017	76.80	19,012,911
2018	159,298,485	119,686,740	39,611,745	75.13	19,306,012
2019	164,483,090	125,108,921	39,374,169	76.06	19,929,430
2020	174,322,037	129,479,562	44,842,475	74.28	20,102,352
Safety Plans					
2016	167,831,681	122,645,268	45,186,413	77.40	9,351,143
2017	174,457,753	120,009,320	54,448,433	68.79	10,491,839
2018	191,278,407	130,578,665	60,699,742	68.27	10,435,515
2019	198,110,612	137,690,718	60,419,894	69.50	11,232,919
2020	208,875,272	151,594,952	57,280,320	72.58	12,156,428

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

Coronavirus Impacts on Pension Obligations. Recent volatility in the CalPERS portfolio as a result of the COVID-19 Pandemic may result in increases in the City's required contributions in future years. The City cannot predict the level of such increases, if any.

As of June 30, 2020, CalPERS estimated that the rate of return for its investment portfolio for the fiscal year was 4.7%. Investment returns below 7% create additional liabilities for public agencies, including the City. Any increase in the unfunded actuarial liability created by the Fiscal Year 2019-20 rate of return will begin affecting the City's UAL costs starting in Fiscal Year 2021-22. Pursuant to CalPERS methodology, the amounts payable will increase annually during the first five years and then level out for the remaining 15 years over which to amortize investment losses.

CalPERS Amortization Period Reform. On February 13, 2018 the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period begins with new gains or losses accrued starting with the June 30, 2019 actuarial valuations. The first payments on the new 20-year amortization schedule will take place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability ("UAL") contributions for cities that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Cities that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The City cannot currently estimate the impact the shorter amortization period will have on its required contributions for its Miscellaneous and Safety Plans. For information concerning the Plans, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 10.

Defined Contribution Pension Plan

For all of its part-time employees who are not eligible for coverage under the CalPERS pension plan, the City provides pension benefits through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Public Agency Retirement Systems ("PARS"). The PARS Trust Agreement may be amended by a two-thirds majority or greater of the Member Agencies. The plan conforms to the requirements under Internal Revenue Code 401(a) and has received a favorable Letter of Determination from the Internal Revenue Service.

All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions up to 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately. For the year ended June 30, 2020 the City's payroll covered by the plan was \$431,298. The City made employer contributions in the amount of \$16,132. Participants of the Plan as of June 30, 2020 was 52.

Other Post-Employments Benefits

Plan Description. The City provides retiree healthcare benefits for employees who retire simultaneously from CalPERS and the City and who meet the qualifying criteria negotiated by the various City labor groups. The OPEB plan is a single employer plan with a trust, but without special funding situation, or nonemployer contribution entities. The City offers insurance coverage from Kaiser Permanente and a self-insured PPO.

Miscellaneous employees hired prior to July 1, 2002 must be 55 years of age and have at least 13 years of full-time service with the City. Effective July 1, 2002, miscellaneous (non-management) employees must have at least 20 years of full-time service to qualify. Safety employees must be 50 years of age and have 25 years of full-time service in the police or fire department of the City. In October 2000, City fire services transferred to contracted services with the Los Angeles County Fire District. Postemployment benefits continue only for fire personnel retiring from service prior to that date.

The City's health plan year runs February through January with open-enrollment every January prior to the start of the new plan year. The monthly benefits to be paid by the City are both \$1,167 per month for the calendar years of 2019 and 2020.

Employees Covered. Membership of the plan consisted of 172 retirees and beneficiaries receiving benefits, 0 inactive members entitled to but not yet receiving benefits and 241 active plan members at June 30, 2020. Additional employees of GTrans and the Sewer Enterprise also participate in the plan.

Funding Policy. The contribution requirements for plan members and the City are established by an MOU as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements.

OPEB Trust. The City established an OPEB section 115 Trust in June 2019, with the California Employers' Retiree Benefit Trust Fund to facilitate the savings and reduce the retiree health care related liabilities.

Changes In Net OPEB Liability. The following table shows the changes in the City's net OPEB obligation to the Plan (excluding amounts for GTrans and Sewer Enterprise employees):

TABLE 18
CITY OF GARDENA
CHANGE IN NET OPEB LIABILITY
Fiscal Year 2019-20

Service cost	\$ 1,649,332
Interest on OPEB liability	2,284,925
Dif. btw. actual and expected experience	-
Changes in assumptions	3,665,059
Employer contributions	(2,401,080)
Investment income	(1,792)
Net changes	5,196,445
Net OPEB obligation, beginning of the year	58,518,198
Net OPEB obligation, end of the year	<u>\$63,714,643</u>

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

The following table shows a 5-year history of the City's outstanding OPEB obligation and covered payroll (excluding amounts for GTrans and Sewer Enterprise employees).

TABLE 19
CITY OF GARDENA
HISTORIC OPEB LIABILITY AND COVERED PAYROLL

Fiscal Year Ending June 30,	Net OPEB Obligation (UAAL)	Covered Payroll	Ratio of UAAL to Covered Payroll
2015	\$ 74,322,000	\$ 22,395,000	332%
2016	64,718,000	22,395,000	289
2017	65,056,000	25,976,000	249
2018	59,608,000	25,500,000	233
2019	58,518,198	23,523,270	248
2020	63,866,434	24,650,894	258

Source: City of Gardena 2019-20 Comprehensive Annual Financial Report.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For information concerning the City's OPEB obligations, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 11.

Debt Obligations

Short-Term General Fund-Secured Obligations. The City has no outstanding short-term obligations secured by its General Fund.

Long-Term General Fund-Secured Obligations. In June 2006, the City and the Agency caused the delivery of the \$12,495,000 Certificates of Participation (2006 Refinancing Project), Series A (Taxable) (the “2006A Certificates”) and the \$8,515,000 Certificates of Participation (2006 Refinancing Project), Series B (Taxable) (the “2006B Certificates”), both payable by the City from its General Fund. The proceeds of these issues were used to refinance the City’s 1999 Certificates of Participation in connection with a Memorandum of Understanding (“MOU”) entered into with certain financial institutions. Pursuant to the MOU, the Agency paid the financial institutions \$19.0 million (the “Initial Amount”) as prepayment of the 1999 Certificates, of which \$18.0 million were funded by the 2006A Certificates and the 2006B Certificates and the balance of \$1.0 million from other available City funds.

In June 2006, the City and the Agency caused the delivery of the \$3,650,000 Certificates of Participation (2006 Refinancing Project), Series C (Tax-Exempt) (the “2006C Certificates”). The proceeds of this issue were used to defease the City’s 1994 Civic Center improvement Certificates of Participation, and were placed in an irrevocable trust to provide for all future debt service payments related to the 1994 issuance.

In January 2007, the South Bay Regional Public Communications Authority issued its Refunding Revenue Bonds, 2007 Series A in the amount of \$2,800,000 (the “2007 SBRPCA Bonds”), for the benefit of the City and payable by the City from its General Fund. The proceeds of the 2007 SBRPCA Bonds of the bonds was to refund the South Bay Regional Public Communications Authority Revenue Bonds, 2001 Series A.

On December 2, 2014, the City of Gardena Financing Authority issued its \$9,110,000 aggregate principal amount of City of Gardena Financing Agency Taxable Lease Revenue Refunding Bonds, Series 2014 (the “2014 Bonds”), to refund the 2006B Certificates

On June 29, 2017, the City entered into a \$1,635,000 Lease Agreement (the “2017 Lease”), to refund the City’s 2006C Certificates, the proceeds of this issue were used to defease prior certificates of participation delivered to finance the City’s civic center.

On November 24, 2020, the City issued its \$101,490,000 aggregate principal amount of City of Gardena Taxable Pension Obligation Bonds, Series 2020, to finance a portion of the City’s unfunded accrued actuarial liability to the CalPERS (the “2020 Bonds”).

The following table shows the City's payment obligations with respect to the 2006A Certificates, the 2007 SBRPCA Bonds, the 2014 Bonds, the 2017 Lease and the 2020 Bonds.

Fiscal Year Ending June 30	2006A Certificates	2007 SBRPCA Bonds	2014 Bonds	2017 Lease	2020 Bonds	Total
2022	\$1,022,508.50	\$ 187,325.00	\$ 505,933.66	\$294,593.50	\$ 5,967,824.56	\$ 7,978,185.22
2023	1,023,909.50	186,575.00	503,366.16	288,797.50	6,603,951.10	8,606,599.26
2024	1,022,758.50	185,575.00	505,798.66	287,949.75	7,101,196.16	9,103,278.07
2025	1,019,055.50	184,325.00	503,033.66	—	7,627,961.96	9,334,376.12
2026	1,017,641.00	182,825.00	504,709.36	—	7,821,265.96	9,526,441.32
2027	1,018,196.00	186,075.00	501,147.60	—	7,816,416.46	9,521,835.06
2028	1,015,561.00	188,825.00	502,585.86	—	7,813,975.96	9,520,947.82
2029	1,014,576.50	185,881.26	503,786.66	—	7,817,970.10	9,522,214.52
2030	1,014,923.50	187,681.26	1,229,750.00	—	7,817,662.90	10,250,017.66
2031	309,570.00	183,968.76	1,549,000.00	—	7,817,621.22	9,860,159.98
2032	—	—	1,550,250.00	—	7,817,248.70	9,367,498.70
2033	—	—	1,548,500.00	—	7,819,143.10	9,367,643.10
2034	—	—	1,543,750.00	—	7,816,041.96	9,359,791.96
2035	—	—	1,551,000.00	—	7,815,636.12	9,366,636.12
2036	—	—	1,039,500.00	—	7,817,041.10	8,856,541.10
2037	—	—	—	—	7,813,052.30	7,813,052.30
2038	—	—	—	—	7,814,235.80	7,814,235.80
2039	—	—	—	—	7,815,013.50	7,815,013.50
Totals	<u>\$9,478,700.00</u>	<u>\$1,859,056.28</u>	<u>\$14,042,111.62</u>	<u>\$871,340.75</u>	<u>\$136,733,258.96</u>	<u>\$162,984,467.61</u>

General Obligation Bonds. The City has no outstanding general obligation bonds.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective August 1, 2021. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

TABLE 20
CITY OF GARDENA
DIRECT AND OVERLAPPING BONDED DEBT
as of August 1, 2021

CITY OF GARDENA

2021-22 Assessed Valuation: \$7,553,463,336

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 8/1/21</u>
Metropolitan Water District	0.221%	\$ 59,294
Los Angeles Community College District	0.750	31,098,863
Los Angeles Unified School District	0.917	94,773,326
California Statewide Communities Development Authority 1915 Act Bonds	100.000	<u>4,481,000</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$130,412,483
Less: Los Angeles Unified School District supported general obligation bonds		<u>809,339</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		\$129,603,144
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.423%	\$ 10,955,392
Los Angeles County Superintendent of Schools Certificates of Participation	0.423	16,803
Los Angeles Unified School District Certificates of Participation	0.917	1,200,995
City of Gardena General Fund Obligations	100.000	17,440,000⁽²⁾
City of Gardena Pension Obligation Bonds	100.000	101,280,000
Los Angeles County Sanitation District No. 5 Authority	5.913	<u>242,444</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$131,135,634
 GROSS COMBINED TOTAL DEBT		\$261,548,117⁽³⁾
NET COMBINED TOTAL DEBT		\$260,738,778

Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.72%
Total Direct Debt (\$118,720,000)	1.57%
Gross Combined Total Debt	3.46%
Net Combined Total Debt	3.45%

Source: California Municipal Statistics, Inc.

(1) Based on FY2020-21 ratios.

(2) Excludes Bonds to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

INVESTMENT OF CITY FUNDS

Revenues collected by the City will be held and invested by the City in accordance with the provisions of the Trust Agreement.

Funds held by the City are invested in accordance with the City's Statement of Investment Policy (the "Investment Policy") prepared by the Finance Director and the City Treasurer as authorized by section 53601 of the Government Code of California. The Investment Policy is submitted to the City Council annually. The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Invested funds are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years. The City has never invested in derivatives or reverse repurchase agreements and such investments and instruments are not allowed by City policy.

For more information about the City's investment policy, see APPENDIX C—CITY OF GARDENA INVESTMENT POLICY.

STATE BUDGET INFORMATION

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2021-22 State Budget further described below can each be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and neither the City nor the Underwriter takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget Process. Through the State budget process, the State enacts legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the City. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures more than projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are

shown for reference and convenience only; the information contained within the websites has not been reviewed by the City and is not incorporated herein by reference.

The State Treasurer's Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget and the state budget process in greater detail.

The State Legislative Analyst's Office ("LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Products."

2021-22 State Budget

On July 12, 2021, Governor Gavin Newsom signed SB 129, legislation that reflects the majority of the State's budget for Fiscal Year 2021-22 (the "2021-22 Budget"). While the Governor's initial budget projections in January 2021 projected a budget surplus of \$6.0 billion, the 2021-22 Budget projects an even larger surplus of \$7.2 billion caused primarily by a better-than-expected economic recovery from the COVID-19 Pandemic, two major federal relief bills, and continued stock market appreciation. In addition to amounts received already under the CARES Act, the State's general fund will receive over \$43 billion in combined recovery funds from the American Rescue Plan Act of 2021 to cover costs incurred between March 3, 2021 and December 31, 2024.

The 2021-22 Budget notes that actual general fund revenues for fiscal year 2020-21 were \$183.8 billion. Relative to the projections contained in the State's 2020-21 Budget, actual 2020-21 general fund revenues reflect an increase of \$53.9 billion or 41.5% over the projected totals. The 2021-22 Budget projects general fund revenues to decrease slightly from fiscal year 2020-21 levels to \$178.8 (a decrease of \$5.0 billion) due in part to projected decreases of in personal income tax and corporation tax collections.

The 2021-22 Budget includes a major increase in general fund expenditures from \$166.1 billion in fiscal year 2020-21 to \$196.4 billion in fiscal year 2021-22 (an increase of \$30.4 billion). The largest increases are projected to occurring in expenditures for health and human services and government operations. The increases in expenditures are made possible by the larger than expected budget surplus in fiscal year 2020-21. The improved revenue forecast also allows for the elimination of \$2 billion in program suspensions enacted in prior budgets and allows the State to completely pay off Proposition 98 deferrals implemented in the 2020-21.

The 2021-22 Budget includes substantial contributions to the State's reserves. The 2021-22 Budget anticipates contributions of \$3.4 billion in fiscal year 2021-22 to grow the State's budget stabilization account/rainy day fund from \$12.3 billion to \$15.8 billion. The 2021-22 Budget also includes a \$2.6 billion contribution to the State's public school system stabilization account and a \$450 million contribution to the State's safety net reserve.

Due to the one-time nature of the 2020-21 surplus, the 2021-22 Budget prioritizes one-time spending over ongoing, allocating 85 percent of discretionary funds to one-time spending. Major new expenditures in the 2021-22 Budget include:

Golden State Stimulus and COVID-19 Pandemic Relief. The January 2021-22 Budget included a comprehensive package of budget actions was enacted to speed needed relief to individuals, families and businesses suffering the most significant economic hardships due to the pandemic. The January 2021-22 Budget established the Golden State Stimulus program, which provided \$600 one-time payments to millions of low-income Californians; added \$2.075 billion (on top of a \$500 million investment) to California's Small Business COVID-19 Relief Grant Program; provided certain small businesses impacted by the pandemic license renewal fee waivers; provided additional resources for critical child care services; and provided emergency financial aid for community college students, among other investments. The 2021-22 Budget includes a major expansion to the Golden State Stimulus, providing tax refunds to middle-class families with an adjusted gross income of \$75,000 or less. In total, two-thirds of Californians will benefit from \$600 payments. Qualified families with dependents, regardless of immigration status, will also be eligible for an additional \$500 payment.

The 2021-22 Budget also expands relief to small businesses by adding \$1.5 billion to the State's earlier \$2.5 billion investment in the Small Business COVID-19 Relief Grant Program that has helped approximately 210,000 businesses stay open and keep Californians employed. In addition to \$6.4 billion in state administered and direct local federal rent relief, the 2021-22 Budget also includes \$2 billion to pay down unpaid utility debt, which accumulated during the pandemic.

Homelessness and Housing Affordability. The 2021-22 Budget includes approximately \$12 billion over two years to combat homelessness. Project Roomkey, first deployed during the pandemic, has helped to house homeless individuals and families, and the 2021-22 Budget includes \$150 million to support transitions to permanent housing. Since the fall of 2020, Homekey has acquired and rehabilitated 6,000 units of permanent housing. Total proposed funding of \$5.8 billion for Homekey will further expand the portfolio of housing, including behavioral health continuum infrastructure and housing for low-income seniors. The 2021-22 Budget also includes \$2 billion over multiple years to support local actions to address homelessness. This funding is connected to accountability metrics, such as increasing transitions of individuals to permanent supportive housing.

Health Care Equity. The 2021-22 Budget expands Medi-Cal coverage to undocumented adults aged 50 years and older, beginning in May 2022. This proposal is designed to increase health care access and is another milestone on the path toward universal health coverage. Other equity investments in the 2021-22 Budget include Medi-Cal eligibility for postpartum individuals, doula services as a covered benefit in Medi-Cal, and subsidized zero-dollar premium plans. The 2021-22 Budget also eliminates the Medi-Cal asset limit for older adults and persons with disabilities.

Wildfire Prevention. An early action package enacted in April 2021 included \$536 million (\$411 million General Fund and \$125 million Cap and Trade) for a broad set of investments that are currently supporting forest health and fire prevention activities. The 2021-22 Budget authorizes an additional \$958 million (\$758 million General Fund and \$200 million Cap and Trade) for expenditure in the 2021-22 fiscal year to advance wildfire prevention and forest resilience investments. This includes \$500 million in general fund authorizations to accelerate into the budget year.

The 2021-22 Budget includes ongoing general fund support for 30 additional fire crews, enabling the California Department of Forestry and Fire Protection to respond to larger and more damaging wildfires throughout the fire season and complete priority fuel reduction projects to reduce wildfire risk in fire-threatened areas. The 2021-22 Budget also includes significant investments in new Black Hawk helicopters and large air tankers transferred from the federal government.

Water Resilience and Drought. The 2021-22 Budget commits approximately \$5.1 billion over four years to the State's water resilience and drought preparedness and response, including investments that support safe drinking water, wastewater, and water conveyance infrastructure; water recycling and groundwater cleanup; Sustainable Groundwater Management Act grants; financial assistance to small and urban water suppliers; and water resilience multi-benefit projects. Of this amount, \$2.1 billion from the general fund over three years is set aside for water resilience investments that will be negotiated subsequent to the adoption of the 2021-22 Budget.

Zero Emissions Vehicles. The 2021-22 Budget includes \$2.7 billion in 2021-22 and \$3.9 billion (\$2.98 billion general fund, \$565 million Cap and Trade, and \$394 million other funds) over three years for zero-emission vehicle ("ZEV") and infrastructure investments. This will scale the zero-emission vehicle market and accelerate the state toward meeting climate and transportation goals established in the Governor's ZEV Executive Order N-79-20 and consistent with California's Zero Emission Vehicle Market Development Strategy.

Broadband. The 2021-22 Budget reflects a plan to increase equitable access to high-speed broadband Internet service through a \$6 billion investment to expand broadband infrastructure and enhance access by constructing an open access middle mile and by funding construction of last mile projects that connect unserved households in remote areas to the middle mile.

For the additional information and the complete text of the State's 2021-22 Budget, please see the Department of Finance website at ebudget.ca.gov and the LAO's website at lao.ca.gov. The City can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

Future State Budgets. The City receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities in the State.

In addition, the City cannot predict the outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the COVID-19 Pandemic and the associated economic downturn, over which the City has no control. See also "RISK FACTORS—Dependence on State for Certain Revenues."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property 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 newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and 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.

Legislation enacted by the California 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 (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” 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’s assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property.

Section 4 of Article XIII A also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is Fiscal Year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

Article XIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Articles XIIC and XIID (Proposition 218) of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the City, to levy and collect both existing and future taxes and assessments, fees and charges.

Article XIIC

Section 2 of Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and requires two thirds voter approval for the imposition, extension or increase of special taxes. These voter approval requirements of Article XIIC reduce the flexibility of the City to raise revenues by the levy of general or special taxes and, given such voter approval requirements, no assurance can be given that the City will be able to enact, impose, extend or increase any such taxes in the future to meet increased expenditure requirements.

Although a portion of the City's General Fund revenues are derived from general taxes purported to be governed by Proposition 218, all of such taxes were either imposed, extended or increased prior to the effective date of Proposition 218 or in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges, such as the TOT, Proposition 172 revenues, or storm water fees which support the City's General Fund. TOT and other local taxes, assessments, fees and charges, could be subject to reduction or repeal by initiative under Proposition 218.

Section 3 of Article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges that had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIC to fees imposed after November 6, 1996, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 1996.

“Fees” and “charges” are not expressly defined in Article XIII C or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIII C and Article XIII D (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virgil (Kelley)* (the “Bighorn Decision”) that charges for ongoing water delivery are fees and charges within the meaning Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C. The Bighorn Decision has been interpreted to mean that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIII D.

In the Bighorn Decision, the Supreme Court stated that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water and wastewater service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution.

Article XIII C also removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. “Assessments,” “fees” and “charges” are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as for Article XIII D described below. If not, the scope of the initiative power under Article XIII C potentially could include any General Fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

If the City is unable to continue to collect assessment revenues for a particular program, the program might have to be curtailed and/or funded by the City’s General Fund. Given the approval requirements imposed by Article XIII D, the City is unable to predict whether it will be able to continue to collect assessment revenues for these programs. If the City chose to fund any such programs from the General Fund instead, the General Fund budget would be affected.

Article XIII D

Article XIII D defines a “fee” or “charge” as any levy other than an ad valorem tax, special tax, or assessment imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership” herein. Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a

significant factor in determining whether a fee or charge is imposed as an incident of property ownership. In the Bighorn Decision, the Supreme Court stated that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIID.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for water service is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Depending on the interpretation of what constitutes a “property-related fee” under Article XIID, there could be future restrictions on the ability of the City’s General Fund to charge its enterprise funds for various services provided. In the event that fees and charges of enterprise funds cannot be appropriately increased or are reduced pursuant to exercise of the initiative power, the City may have to decide whether to supplement any deficiencies in these enterprise funds with moneys from the General Fund or to curtail service, or both.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Both Articles XIIB and XIIC, as well as Articles XIID and XIIE described above, were adopted as measures that qualified for the ballot pursuant to California’s constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local

governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after October 15, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Corporation v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under section 53722 of the Government Code, required a two-thirds voter approval. The county-wide sales tax at issue received an affirmative vote of only 54.1% and was found to be invalid.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("*La Habra*"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

The 2004 Budget Act, related legislation and the enactment of Proposition 1A of 2004 (described below) dramatically changed the State-local fiscal relationship. These constitutional and statutory changes implemented an agreement negotiated between the Governor and local government officials (the "State-local agreement") in connection with the 2004 Budget Act.

One change related to the reduction of the VLF rate from 2% to 0.65% of the market value of the vehicle. In order to protect local governments, which had previously received all VLF revenues, the 1.35% reduction in VLF revenue to cities and counties from this rate change was backfilled by an increase in the amount of property tax revenues they receive. This worked to the benefit of local governments, because the backfill amount annually increases in proportion to the growth in secured roll property tax revenues, which

has historically grown at a higher rate than VLF revenues. Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues.

On November 3, 2004 the voters of the State approved Proposition 1A (“Proposition 1A of 2004”). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property tax, sales tax, and VLF revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% of local property tax revenues but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Pursuant to statutory changes made in conjunction with amendments to the Fiscal Year 2008-09 State Budget Act, the Fiscal Year 2009-10 State Budget Act and related budget legislation adopted by the State Legislature and signed by the Governor in February 2012 (collectively, the “February 2012 Budget Package”), the VLF rate increased from 0.65% to 1.15% effective May 19, 2012. Of this 0.50% increase, 0.35% will flow to the State General Fund, and 0.15% will support various law enforcement programs previously funded by the State General Fund.

Proposition 22

Proposition 22 (“Proposition 22”), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State’s ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See “ – Proposition 1 A of 2004” herein. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase schools’ and community college districts’ share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The City does not believe that Proposition 22 will have a significant impact on its revenues and expenditures.

Proposition 26

Proposition 26 (“Proposition 26”), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the City’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Proposition 19

On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“Proposition 19”), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D, Propositions 62, 1A, 22, 26, and 19 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City’s revenues or its ability to expend its revenues.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Limited Obligation

The Bonds are not City debt and are limited obligations of the Agency. Neither the full faith and credit of the Agency nor the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Lease Payments. The Agency has no taxing power. The obligation of the City to pay Lease Payments when due is an obligation payable from amounts in the general fund of the City. The obligation of the City to make Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease

Payments under the Lease Agreement constitute a debt or indebtedness of the Agency, the City, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Lease Payments Are Not Debt

The obligation of the City to make the Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments constitute a debt of the City, the State or any political subdivision thereof (other than the Agency) within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are not general obligations of the Agency, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of Lease Payments. The Agency has no taxing power.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the City, in its discretion, may determine to pay prior to the Lease Payments.

The City has the capacity to enter into other obligations payable from the City's general fund, without the consent of or prior notice to the Owners of the Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Lease Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Cash Management

The City has numerous internal or external means to manage its cash flow, including but not limited to interfund borrowing, intrafund borrowing and tax and revenue anticipation notes which may be employed to the extent the City Council is required to make budget adjustments in order to maintain a balanced budget. If the City does not take required actions and the budget remains out of balance, the cash requirements of the City may exceed available cash flow. The ability of the City to borrow on an interim basis to meet any cash shortfalls also may be limited if the budget remains out of balance for a sustained period of time. The City has the legal authority to issue "warrants" in place of cash to meet various types of expenditures or appropriations as an additional means to manage its cash flow. See "CITY FINANCIAL INFORMATION."

Additional Obligations of the City

The Lease Agreement does not prohibit the City from incurring additional lease and other obligations payable from the City's General Fund.

Valid and Binding Obligation to Budget and Appropriate

Pursuant to the Lease Agreement, the City covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Bonds, Bond Counsel will render its opinions (substantially in the form of APPENDIX E-PROPOSED FORM OF BOND COUNSEL OPINION) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the City. As to the Agency's practical realization of remedies upon default by the City, see "-Limitations on Remedies."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Property or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitation on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. Although the Lease Agreement provides that if the City defaults the Trustee may reenter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property's specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest on the Bonds so as to preserve the tax-exempt nature of interest on the Bonds. The Trustee is not obligated to re-let the Property in a manner so as to preserve the tax-exempt nature of interest on the Bonds. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the City to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Bonds are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Agency could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the City under the Lease Agreement.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bondowners.

Concentration on Revenue Sources

The City relies on, among other things, the a Revenue Fee imposed on the two Card Clubs operating within the City. The Revenue Fee is set by the City's Municipal Code at 12% of each Card Club's

gross revenue. The Card Club Revenue Fee is a major revenue source for the City and has historically accounted for approximately 10-12% of the City's total General Fund revenues. While, prior to the COVID-19 Pandemic the Card Clubs had continued to demonstrate growth, heavy competition from Tribal Government gaming and card clubs in other cities will continue to limit growth in the Card Club Revenues after the COVID-19 Pandemic has subsided. In addition, changes to State law regulating casinos could have an impact on the continued operation of the Card Clubs. Additional closures of either of the Card Clubs or declines in the revenues of either of the Card Clubs beyond those already caused by the COVID-19 Pandemic and discussed herein could materially and adversely impact the City's revenues and could affect the City's ability to make debt service payments. Such a result could be affected by events not related to the operation of the card clubs, natural disasters or other economic or environmental events occurring outside of their control.

Risk of Uninsured Loss Including Seismic Loss

The City, like much of California, is subject to seismic activity that could result in interference with its right to use and possession of the Property. The two faults likely to have the most impact on the County are the West Los Angeles Fault and Concord-Green Valley Fault Zone. The City is not obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Depending on its severity, an earthquake could result in abatement of Lease Payments under the Lease Agreement. See "—Abatement." The occurrence of severe seismic activity in the area of the Property could result in substantial damage and interference with the City's right to use and occupy all or a portion of the Property, and result in Lease Payments being subject to abatement. See "—Abatement" above.

There can be no assurance that the providers of the City's liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to redeem the Bonds.

Under the Lease Agreement the City may obtain casualty insurance which provides for a deductible up to \$250,000. Should the City be required to meet such deductible expenses, the availability of general fund revenues to make Lease Payments may be correspondingly affected.

Eminent Domain

If the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Agency such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Bankruptcy

The City is not subject to the involuntary procedures of the United States Bankruptcy Code (the “Bankruptcy Code”). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City’s debt (a “Plan”) without the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease Agreement and the City’s obligations to make payments thereunder.

The Agency is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Agency may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Agency were to become a debtor under the Bankruptcy Code, the Agency would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Agency or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Agency; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Agency’s debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Agency, and not the City, should not affect the Trustee’s rights under the Lease Agreement. The Agency could still challenge the assignment, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues in order to protect their interests.

No Liability of Agency to Owners

Except as expressly provided in the Indenture, the Agency will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Lease Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed

by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Tax Audit

The Internal Revenue Service (the “IRS”) has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes. It is possible that the Bonds or other tax-exempt obligations of the City may be selected for examination under such program. There is no assurance that an IRS examination of the Bonds or other tax-exempt obligations of the City will not adversely affect the market value of the Bonds. See “TAX MATTERS.”

The City has not been contacted by the IRS regarding the examination of any of its bond transactions.

Geologic Conditions

General. From time to time, the City has been and could be subject to natural calamities, including, but not limited to, earthquake, flood or wildfire, that may adversely affect economic activity in the City, and which could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to persons, property and structures in the City and could have a substantial negative effect on the City’s General Fund.

Seismic. Like most regions in California, the City is in an area of significant seismic activity. Soils in lowland areas away from major faults may also be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Damage resulting from such an event could have a material adverse effect on the City’s financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the City and may have short-term and future impacts on residential and commercial activity in the City.

Recent wildfires in the State have been driven in large measure by drought conditions and low humidity. Experts expect that California will continue to be subject to wildfire conditions as a result in changing weather patterns due to climate change.

While the City is not in a wildfire severity zone and the City believes the possibility of wildfire damage within the City is low, there can be no assurances that wildfires will not occur within the City or the region or that the City will not be negatively impacted by sustained smoky conditions caused by wildfires. Damage resulting from such an event could have a material adverse effect on the City’s financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

Hazardous Substances

One of the most serious risks in terms of the potential reduction in the value or use of a parcel of property is a claim with regard to a hazardous substance. In general, the owners, lessors and/or lessees of a parcel of real property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in application. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has contributed to or caused contamination with the hazardous substances. The effect, therefore, should property in the City be affected by a hazardous substance, is to reduce both marketability and the value of property by the costs of remedying the condition. While the City is not currently aware of any such condition, it is possible that such hazardous substance conditions do currently exist and that the City has not been made aware of their existence.

Potential Impact of State Financial Condition on the City

During the most recent recession, the State faced a structural deficit that resulted in substantial annual deficits and reductions in expenditures. Although the State has had a budget surplus in the more recent fiscal years, according to the State there remain a number of major risks and pressures that threaten the State’s financial condition, including the threat of recession, potential changes to federal fiscal policies and unfunded long-term liabilities of more than \$200 billion related to pensions and other post-retirement benefits. These risks and financial pressures could result in future reductions or deferrals in amounts payable to the City. The State’s financial condition and budget policies affect local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City, the City will be required to adjust its budget. State budget policies can also impact conditions in the local economy and could have an adverse effect on the local economy and the City’s major revenue sources.

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control (see “STATE BUDGET INFORMATION”). The ability of the state to divert funds from the City has been limited by Proposition 1A and Proposition 22, which are discussed herein. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.”

Increased Internet Use May Reduce Sales Tax Revenues

On June 21, 2018, in the case of *South Dakota v. Wayfair*, the Supreme Court of the United States ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes to state and local governments. As of April 1, 2019, retailers located outside of the State are required to register with CDTFA, collect the California use

tax and pay the tax to CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state, with exceptions for retailers with California sales below certain volume and dollar thresholds. The City cannot predict the degree that the collection of the California use tax on such retailers will affect the collection of sales taxes on a going forward basis.

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to its pension plans as a result of which the City would be obligated to make additional payments to its pension plans in order to fully fund the City's obligations to its pension plans.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized by the World Health Organization and is currently affecting many parts of the world, including the City, California, and the United States. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency.

On March 4, 2020, the Governor of the State proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

To mitigate the spread of the pandemic, several cities and counties throughout the state (including the City) announced shelter-in-place ("Shelter-in-Place") emergency orders on March 13, 2020, which generally directed individuals to stay home, except for certain limited travel for the conduct of essential activities and services. Most retail establishments (e.g., restaurants, bars and nightclubs, entertainment venues, gyms, etc.) were closed in response to the Shelter-in-Place order. On March 17, 2020, the County Health Officer issued a Shelter-in-Place order and on March 19, 2020, California's Governor announced a similar Shelter-in-Place emergency executive order (N 33-20) effective for the entire State.

Full Reopening on June 15, 2021. On April 6, 2021, the Governor announced that the State plans lift most COVID-19 restrictions on business closures and indoor and outdoor occupancy limitations on June 15, 2021. Face masking requirements are expected to remain in place only for large indoor events and certain other specific instances such as at health care facilities, while using public transit, and at airports.

July Reinstatement of Mask Mandate in Los Angeles County. On July 17, 2021, Los Angeles County reinstated mandatory masking. All persons in the County will again be required to wear masks in indoor public spaces, regardless of their vaccination status.

The COVID-19 Pandemic is ongoing, and its ultimate duration and severity cannot be known. Up-to-date information about the current status of the State's response to the COVID-19 Pandemic can be found at the State's website, www.covid19.ca.gov. Up-to-date information about the current status of the County's response to the COVID-19 Pandemic can be found at the County's website <http://publichealth.lacounty.gov/media/Coronavirus/>. Reference to the State's and the County's website is included in this Official Statement for general information only and information on such website is not included in this Official Statement by reference to such website.

The COVID-19 Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the City offers no assurances that these interventions will have the intended effects.

Intermediate and long-term negative economic impacts caused by the COVID-19 Pandemic may reduce or otherwise negatively affect revenues to the City's General Fund including impacts to sales taxes, card club revenues, and property tax revenues, as discussed under "CITY FINANCIAL INFORMATION." While the City has developed what it believes to be reasonable budgeted projections of the magnitude of these impacts on its revenues and on its expenditures, the COVID-19 Pandemic is ongoing and the City cannot predict how and when it will be resolved.

The ultimate impact of the COVID-19 Pandemic on the City's operations and finances is unknown. As of the date of this Official Statement, the City does not believe that the impacts of the COVID-19 Pandemic will prevent the City from making payments of principal and interest on the Bonds when due.

Risks Related to Cyber Security

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The City owns and operates its own enterprise class data network serving the municipal city government and its operations. The City has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the City's own administrative regulations. Within the City's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the City exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the City's computers and technologies.

While the City routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

The City has \$25 million of annual aggregate coverage with a \$50,000 deductible for cyber security through the Alliant Property Insurance program

Casino Litigation

The Lucky Lady Casino and the Hustler Casino are located in the City. The City's ability to make payments on the Bonds will be dependent, in part, upon the willingness and ability of the property taxpayers in the City, including Lucky Lady Casino and the Hustler Casino, to make such payments. Such willingness and ability will be subject to all of the risks generally associated with business operations and may be adversely affected by changes in general economic conditions, regulations, litigation and other similar factors.

In November 2018, the Rincon Band of Luiseno Indians and the Santa Ynez Band of Chumash Indians (collectively, "State Court Cardroom Litigation Plaintiffs") filed a lawsuit in San Diego Superior Court (the "State Court Cardroom Litigation") against several cardrooms located in Southern California, including the Lucky Lady Casino and the Hustler Casino. The State Court Cardroom Litigation Plaintiffs allege that the operation of certain games is contrary to State law under Proposition 1A approved by State voters in 2000 granting an exclusive right to operate certain games to federally-recognized Native American tribes.

In January 2019, the Yocha Dehe Wintun Nation, the Viejas Band of Kumeyaay Nation, and the Sycuan Band of the Kumeyaay Nation (collectively, the "Federal Court Cardroom Litigation Plaintiffs") filed a lawsuit in the United States District Court, Eastern District of California (the "Federal Court Cardroom Litigation") against the State and the Governor of the State. In the Federal Courtroom Litigation, the Federal Court Cardroom Litigation Plaintiffs seek to enforce the exclusive right of federally-recognized Native American tribes to operate certain games to federally-recognized Native American tribes under Proposition 1A approved by State voters in 2000. The City believes that neither Lucky Lady Casino nor the Hustler Casino are named defendants in the Federal Court Cardroom Litigation.

In addition, the State Bureau of Gambling Control (the "Bureau of Gambling Control"), within the Office of the Attorney General of the State, has stated its intent to begin revoking the approval of various card games played in card clubs, like the Lucky Lady Casino and the Hustler Casino, on the basis that they are contrary to Proposition 1A approved by State voters in 2000. Potential regulatory changes could impose new restrictions on the types of card games played at the Lucky Lady Casino and the Hustler Casino.

At most card rooms, including the Lucky Lady Casino and the Hustler Casino, an employee acts as the dealer and a representative from a licensed third-party business takes on the role of banker, also known as "the house." The banker collects from the losers and pays the winners. Card rooms generate revenue by collecting a fee from each player during each hand. The fee is based on the bet limit at each table.

If state rules are changed in accordance with the Bureau of Gambling Control's preferences, all players at the table would be required to take turns serving as the banker, switching every two rounds.

Players who refuse would be excluded from the game. If no one accepts the role of banker, the game stops. The City can not predict whether such rule changes will in fact be adopted or the impact such rules would have on the Card Clubs' operations.

The City believes that, in the event the State Court Cardroom Litigation Cardroom Litigation is determined adversely as to the Lucky Lady Casino and the Hustler Casino or the Federal Court Cardroom Litigation is determined adversely as to the State, or regulatory changes from the Bureau of Gambling Control are limited or otherwise changed, Lucky Lady Casino and the Hustler Casino 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 certain general fund revenues by the City.

The Card Clubs were both closed from March 2020 until October 2020 when both resumed outdoor operations with social distancing and safety measures in place in accordance with state and local regulations before fully reopening for indoor operations on June 15, 2021. For additional information, see "CITY FINANCIAL INFORMATION – Card Club Revenues" and "COVID-19 Pandemic."

In the event the types of card games permitted to be played at the Lucky Lady Casino and the Hustler Casino as a result of the State Court Cardroom Litigation, the Federal Court Cardroom Litigation or regulatory changes from the Bureau of Gambling Control are limited or otherwise changed, it is possible that business and casino taxes derived by the City from the Lucky Lady Casino and the Hustler Casino will decrease. The City believes that any such decrease in the City's business and casino taxes is unlikely to reduce the City's ability to provide services to its residents.

The City cannot provide any assurance that the types of card games permitted to be played at the Lucky Lady Casino and the Hustler Casino as a result of the State Court Cardroom Litigation, the Federal Court Cardroom Litigation or regulatory changes from the Bureau of Gambling Control will not be limited or otherwise changed. The extent and timing of any reductions in property tax revenues, business taxes or casino taxes received by the City from the Lucky Lady Casino and the Hustler Casino and any decrease in assessed values as a result of any reduction in services due to reduction in such business taxes is unknown by the City at this time.

Other factors relating to the Lucky Lady Casino and the Hustler Casino and its property owner may also affect the willingness and ability of the property taxpayers in the City and business and casino taxes received by the City from the Hollywood Park Casino.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the City and consequently, having an adverse effect on the security for the Bonds.

MUNICIPAL ADVISOR

KNN Public Finance, LLC (the "Municipal Advisor"), is registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor has assisted the Authority and the City in connection with the planning, structuring, sale and

issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Bonds are contingent upon their sale and delivery. The Municipal Advisor is an independent advisory firm and not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LEGAL MATTERS

All legal matters in connection with the issuance, sale and delivery of the Bonds are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Bond Counsel's opinion with respect to the Bonds will be substantially in the form set forth in APPENDIX E—PROPOSED FORM OF BOND COUNSEL OPINION. Certain legal matters will also be passed on for the Agency by Quint & Thimmig LLP, as Disclosure Counsel, and for the Agency by the City Attorney. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. The fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

ABSENCE OF LITIGATION

At the time of issuance of the Bonds, the Agency and the City will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the City or the Agency affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, or the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, any agreement entered into between the City and any purchaser of the Bonds, the Lease Agreement, the Indenture, the Site and Facility Lease or any other applicable agreements or any action of the City or the Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or the Agency or their authority with respect to the Bonds or any action of the City or the Agency contemplated by any of said documents, nor, to the knowledge of the City or the Agency, is there any basis therefor.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "____" to the Bonds. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, NY 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City has covenanted to provide certain financial information and operating data relating to the City and the balances of funds relating to the Bonds, by not later than March 31 of each fiscal year commencing with the report for the Fiscal Year ending June 30, 2021 (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. The Annual Information and notices of material events will be filed by the City or the Dissemination Agent, with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access (“EMMA”) system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

While over the past five years City has filed its audited financial statements and operating data pursuant to its continuing disclosure undertakings, in each year such filings have been filed up to 55 days late. Additionally, when such filings were made, the filings were not correctly linked to all relevant CUSIP numbers and certain elements of the required operating data were not included in the filings. To remedy these issues, the City made corrective filings on October 5, 2020.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Agency and the City have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of delivery of the Bonds.

Subject to the Agency’s and the City’s compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

In rendering its opinion, Bond Counsel will rely upon certifications of the Agency and the City with respect to certain material facts within their knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporations’ taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity (the “Reduced Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current

procedures the Service may treat the Agency or the City as a taxpayer and the Bond Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest with respect to, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond Owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond Owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—PROPOSED FORM OF BOND COUNSEL OPINION.

UNDERWRITING

The Bonds are being purchased by BofA Securities, Inc. (the “Underwriter”) at a price of \$_____ (being \$_____ aggregate principal amount of the Bonds, less \$_____ of Underwriter’s discount, less/plus \$_____ of original issue discount/premium). The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, the Underwriter may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial network of MLPF&S. As part of this arrangement, the Underwriter may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, such services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for

their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL STATEMENTS

The City's financial statements for the Fiscal Year ended June 30, 2020, included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, have been audited by the City's Auditor, as stated in its reports appearing in such appendix. The City's Auditor has not undertaken to update its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the City's Auditor with respect to any event subsequent to its report.

OTHER INFORMATION

All summaries and explanations of the Indenture, the Lease Agreement and the other documents referred to herein are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of the Bonds.

Copies of the Indenture and the Lease Agreement are available for inspection from the Trustee.

MISCELLANEOUS

Insofar far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the City, including a summary of significant accounting policies, for the Fiscal Year ended June 30, 2020, are contained in Appendix B.

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

CITY OF GARDENA FINANCING AGENCY

By _____
Executive Director

CITY OF GARDENA

By _____
City Manager

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The following information concerning the City of Gardena and Los Angeles County is included only for the purpose of supplying general information regarding the City and the County. The Bonds are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State nor any of their political subdivisions, except for the City, are liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix B, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

City of Gardena. The City of Gardena (the “City”) was incorporated on September 11, 1930. The City is located approximately 15 miles south of the Los Angeles and 6 miles southeast of Los Angeles International Airport in the South Bay (southwestern) region of Los Angeles County (the “County”). The City encompasses an area of approximately 5.9 square miles and has a current population of approximately 60,000 residents. Gardena is bordered by Athens on the north, the Los Angeles neighborhood of Harbor Gateway on the east and south, Torrance on the southwest, Alondra Park on the west, and Hawthorne on the northwest. The City is served by three major freeways and is the home of a mix of aerospace, high tech and various other industries.

Los Angeles County. The County was established by an act of the State Legislature on February 18, 1850 as one of California’s original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over 10 million, its population is the largest of any county in the nation. The County’s economy is larger than that of 43 states and all but 20 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments.

Population

The table below summarizes population of the City, the County, and the State of California (the “State”) for the last five years.

CITY OF GARDENA, LOS ANGELES COUNTY, and CALIFORNIA Population

<u>Year</u>	<u>City of Gardena</u>	<u>Los Angeles County</u>	<u>State of California</u>
2017	60,870	10,181,162	39,352,398
2018	61,006	10,192,593	39,519,535
2019	60,752	10,163,139	39,605,361
2020	60,732	10,135,614	39,648,938
2021	60,344	10,044,458	39,466,855

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-21, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the City, the County, the State of California and the United States:

GARDENA, LOS ANGELES COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2016	City of Gardena	30,000	28,300	1,600	5.5
	Los Angeles County	5,043,300	4,778,800	264,500	5.2
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City of Gardena	30,300	28,800	1,500	4.9
	Los Angeles County	5,123,900	4,883,600	240,300	4.7
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Gardena	30,200	28,800	1,400	4.7
	Los Angeles County	5,136,300	4,896,500	239,800	4.7
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City of Gardena	30,400	29,000	1,400	4.5
	Los Angeles County	5,121,600	4,894,300	227,300	4.4
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020 ⁽²⁾	City of Gardena				
	Los Angeles County	4,911,900	4,294,200	617,700	12.6
	California	18,330,500	16,063,500	2,267,000	12.4
	United States	160,742,000	147,795,000	12,947,000	8.1

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-19, and US Department of Labor.

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

(2) Latest available full-year data.

Major Industries in the County

The table below sets forth the ten largest industries by employment in the County as of June 30, 2020.

LOS ANGELES COUNTY 2020 Major Industries

Industry	No. of Employees	% of Total
Educational & Health Services	799,800	19.47%
Trade, Transportation and Utilities	777,000	18.92
Professional & Business Services	590,100	14.37
Government	579,300	14.10
Leisure & Hospitality	378,600	9.22
Manufacturing	314,700	7.66
Financial Activities	218,600	5.32
Information	178,400	4.34
Construction	146,100	3.56
Other Services	118,900	2.90
Total Top 10 Industries	4,101,500	99.86
All Other Industries	5,700	.15
Total All Industries	4,107,200	100.00

Source: Los Angeles County 2019-20 Comprehensive Annual Financial Report.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF GARDENA Building Permits and Valuation (Dollars in Thousands)

	2016	2017	2018	2019	2020 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 6,861	\$ 376	\$ 14,200	\$ 1,269	\$ 16,236
New Multi-family	-	1,165	8,969	-	13,433
Res. Alterations/Additions	4,877	5,415	4,480	3,118	1,976
Total Residential	11,739	6,958	27,649	4,388	31,646
Total Nonresidential	7,879	33,285	12,144	2,252	1,154
Total All Building	19,618	40,243	39,793	6,641	32,800
<u>New Dwelling Units:</u>					
Single Family	44	2	89	14	79
Multiple Family	-	6	42	-	86
Total	44	8	131	14	165

LOS ANGELES COUNTY Building Permits and Valuation (Dollars in Thousands)

	2016	2017	2018	2019	2020 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 2,162,018	\$ 2,352,614	\$ 2,277,101	\$ 1,967,219	\$ 1,874,304
New Multi-family	2,774,294	3,257,833	3,222,530	2,961,257	2,789,673
Res. Alterations/Additions	1,639,294	1,757,904	1,941,369	1,625,839	1,014,422
Total Residential	6,575,607	7,368,352	7,441,001	6,554,315	5,678,400
Total Nonresidential	5,287,623	6,037,502	6,694,097	6,589,601	3,513,049
Total All Building	11,863,230	13,405,855	14,135,098	13,143,917	9,191,449
<u>New Dwelling Units:</u>					
Single Family	4,780	5,456	6,070	5,738	6,198
Multiple Family	15,589	17,023	17,152	15,884	14,056
Total	20,369	22,479	23,222	21,622	20,254

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) Latest available full year data.

Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State and the nation for the past five years.

**CITY OF GARDENA, LOS ANGELES COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income**

	2016	2017	2018	2019	2020
Gardena	\$ 44,198	\$ 46,591	\$ 48,743	\$ 49,967	\$ 54,179
Los Angeles County	50,236	54,720	53,831	60,174	62,353
California	55,681	59,646	62,637	65,870	67,956
United States	48,043	50,735	52,841	55,303	56,790

Source: Nielsen, Inc

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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APPENDIX C

CITY INVESTMENT POLICY

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

City of Gardena Financing Agency
1700 West 162nd Street
Gardena, California 90247

OPINION: \$_____ * City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021

Members of the Agency:

We have acted as bond counsel in connection with the delivery by the City of Gardena Financing Agency (the “Agency”) of \$_____ * aggregate principal amount of the bonds of the Agency designated the “City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021” (the “Bonds”), pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Law”), and pursuant to an indenture of trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee, and a resolution of the Agency adopted on August 10, 2021. The Bonds are secured by Revenues (as defined in the Indenture), including certain payments made by the City of Gardena (the “City”) under a lease agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency and the City. We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency and the City contained in the Indenture and Lease Agreement, as applicable, and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Agency is a duly constituted joint exercise of powers entity under the laws of the State of California with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds constitute legal, valid and binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the Agency and constitutes a legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.
4. The Lease Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

* Preliminary, subject to change.

5. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

6. Subject to the Agency's and the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

7. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Lease Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the CITY OF GARDENA (the “City”) in connection with the issuance by the City of Gardena Financing Agency (the “Agency”) of its \$_____ * City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds shall be secured by a pledge, charge and lien upon Revenues (as such term is defined in the Indenture). Pursuant to Section 5.11 of that certain Lease Agreement, dated as of September 1, 2021, by and between the Agency and the City, the City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30).

“*Dissemination Agent*” shall mean, initially, the City or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a certificate of the City filed with the Trustee.

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

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means BofA Securities, Inc., the original underwriter of the Bonds.

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

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

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

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

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (1) The principal amount of Bonds outstanding as of the December 31 next preceding the date of the Annual Report.
- (2) A summary of budgeted general fund revenues and appropriations for the then-current Fiscal Year.
- (3) The aggregate assessed valuation of taxable property in the City.
- (4) A schedule of aggregate annual debt service on the City's general fund obligations (e.g., capital leases).

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

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

Section 5. Reporting of Significant Events.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

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

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018) or any further guidance or release provided by the SEC.

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

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

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds.

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

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

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

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual 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.

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

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

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

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article IX of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: [Closing Date]

CITY OF GARDENA, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Gardena

Name of Issue: City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

CITY OF GARDENA, as Dissemination Agent

By _____
Authorized Officer

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, redemption premium, if any, and interest with respect to the Bonds to The Depository Trust Company (“DTC”), New York, NY, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the Agency of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The City, the Agency, the Trustee and the Underwriter understand that the current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond 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 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 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 is rated AA+ by Standard & Poor’s. 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.

Purchases of the 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 the 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 the 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 the 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 Indenture. For example, Beneficial Owners of the 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 each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest 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 City, 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, the City or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest on the Bonds by Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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 City, the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The foregoing information concerning DTC and DTC's book-entry system has been provided by DTC, and neither the Agency nor the Trustee takes any responsibility for the accuracy thereof.

NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the Agency nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

The City, the Agency and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Agency nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

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\$ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

BOND PURCHASE AGREEMENT

September __, 2021

City of Gardena Financing Agency
1700 West 162nd Street
Gardena, CA 90247-1310

City of Gardena
1700 West 162nd Street
Gardena, CA 90247-1310

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the “Underwriter”), hereby offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the City of Gardena Financing Agency (the “Agency”) and the City of Gardena (the “City”), which, upon the Agency’s and City’s acceptance of this offer, will be binding upon the Agency and the Underwriter. This offer is made subject to written acceptance by the Agency and the City on or before 11:59 P.M., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the Agency and the City at any time prior to acceptance by the City and the Agency. Upon acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Agency, the City and the Underwriter. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture (as such term is defined herein).

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase and the Agency agrees to sell and deliver to the Underwriter all (but not less than all) of the \$_____ City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the “Bonds”). The Bonds shall be dated the date of delivery thereof and shall mature on such dates and shall bear interest at such rates set forth in Schedule I attached hereto. Interest on the Bonds shall be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2022. The aggregate purchase price for the Bonds shall be \$_____ (consisting of the \$_____ aggregate principal amount of the Bonds plus \$_____ of original issue premium and less \$_____ of Underwriter’s discount).

(b) The Bonds shall be issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, a resolution adopted by the Board of Directors of the Agency on _____, 2021 (the “Agency Resolution”) and the Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds will be special obligations of the Agency payable solely from : (i) lease payments (the “Lease Payments”) to be made by the City to the Agency for the use and occupancy of certain property and improvements (the “Property”) pursuant to a Lease Agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency, as lessor, and the City, as lessee; (ii) all amounts received from rental interruption or use and occupancy insurance maintained pursuant to the Lease Agreement, if any; (iii) all amounts on deposit in the funds and accounts established pursuant to the Indenture other than the Rebate Fund; and (iv) all of the Agency’s right, title and interest in and to the Lease Agreement, including all of the Agency’s rights of enforcement with respect thereto, all as more particularly set forth in the Indenture.

The Property has been leased by the City to the Agency pursuant to a Site and Facility Lease, dated as of September 1, 2021 (the “Site Lease”), by and between the City and the Agency.

The Bonds are being issued for the purpose of providing funds: (1) to finance of a portion of the costs of the new Gardena Community Aquatic & Senior Center and (2) pay the costs of issuance of the Bonds..

The City will undertake, pursuant to the Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”), to provide certain annual financial information and operating data concerning the City and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement (as such term is defined herein) and will also be set forth in the Official Statement.

(c) At 8:00 A.M., California time, on September 8, 2021, or at such other time or on such other date as mutually agreed upon by the Agency, the City and the Underwriter (such time and date herein referred to as the “Closing Date”), the Agency will, subject to the terms and conditions hereof, sell and deliver, or cause to be delivered, the Bonds to the Underwriter, in definitive form, duly executed and authenticated, together with the other documents mentioned herein, and subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) above in immediately available funds (such delivery and payment being herein referred to as the “Closing”) to the order of the Trustee. Sale, delivery and payment as aforesaid shall be made at the offices of Quint & Thimmig LLP (“Bond Counsel”), 900 Larkspur Landing Circle, Suite 270, Larkspur, California 94939-1726, or at such other place as shall have been mutually agreed upon by the Agency and the Underwriter, except that the Bonds shall be delivered through the Trustee via the F.A.S.T. delivery book-entry system of The Depository Trust Company (“DTC”) or at such other place as shall have been mutually agreed upon by the Agency and the Underwriter, in fully registered book-entry eligible form (which may be typewritten) and registered in the name of Cede & Co., as nominee of DTC.

(d) The City and the Agency acknowledge and agree that: (i) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the City, the Agency and the

Underwriter and the Underwriter has financial and other interests that differ from those of the City and the Agency; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City or the Agency and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate..

2. Determination of Issue Price.

(a) The Underwriter agrees to assist the City and the Agency in establishing the issue price of the Bonds and shall execute and deliver to the City and the Agency on the Closing Date an “issue price” or similar certificate, substantially in the form attached hereto as Exhibit B, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City and the Agency under this Section to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

(b) Except for the maturities set forth in in Schedule A to Exhibit B attached hereto, the City represents that it will treat the first price at which 10% of each maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Bonds for which the City has elected to utilize the 10% Test, the Underwriter agrees to promptly report to the City the prices at which Bonds of that maturity or maturities have been sold by the Underwriter to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Bonds of that maturity or maturities or the Closing Date.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A to Exhibit B attached hereto, except as otherwise set forth therein. Schedule A to Exhibit B also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City, the Agency and the Underwriter agree that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and each third-party distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or such dealer that the 10% Test has been satisfied as to the Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

The City acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of

the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Agency further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are Agencies (including direct ownership by one Agency of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the Agency or the capital interests or profit interests of the partnership, as applicable, if one entity is a Agency and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (f) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

3. Use and Preparation of Official Statement. The Agency and the City hereby ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement dated August __, 2021 relating to the Bonds (which, together with all appendices thereto, is referred to herein as the “Preliminary Official Statement”). The Agency and the City have deemed final the Preliminary Official Statement as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. The Agency and the City hereby

agree to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof and in any event no later than two (2) business days prior to the Closing Date, copies of the final Official Statement, dated the date hereof (which, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Agency, the City and the Underwriter, is referred to herein as the “Official Statement”) in sufficient quantity to enable the Underwriter to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “MSRB”). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The City hereby agrees to deliver or cause to be delivered to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“SEC”) including in a word-searchable pdf format including any amendments thereto. The City hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriter of the Official Statement, in connection with the public offering and sale of the Bonds. At the time of or prior to the Closing Date, the Underwriter shall file a copy of the Official Statement with the MSRB’s Electronic Municipal Market Access System.

4. Representations, Warranties and Agreements of the Agency. The Agency hereby represents, warrants and agrees with the Underwriter as follows:

(a) The Agency is, and will be on the Closing Date, a joint exercise of powers agency of the State of California duly organized and validly existing pursuant to the laws of the State of California, with the full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriter, to execute and deliver the Official Statement and to enter into the Indenture, the Lease Agreement, the Site Lease, and this Purchase Agreement (collectively, including the Bonds, the “Legal Documents”);

(b) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations on its part contained in, the Legal Documents and the consummation by it of all other transactions contemplated by the Official Statement and the Legal Documents;

(c) When delivered by the Agency and paid for by the Underwriter in accordance with the provisions of this Purchase Agreement, the Bonds will have been duly authorized, executed and delivered and will constitute the valid and binding limited obligations of the Agency in conformity with, and entitled to the benefit and security of, the Indenture;

(d) The Agency will deliver the duly executed Bonds, the Indenture, the Site Lease and the Lease Agreement on the Closing Date and, when executed and delivered, the Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy,

insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(e) On the date hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Agency will be in compliance with the covenants and agreements contained in the Legal Documents, and no event of default and no event which, with the passage of time or giving of notice, or both, would constitute an event of default thereunder, shall have occurred and be continuing;

(f) The Agency is not in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject wherein a breach or default could materially adversely affect the validity or enforceability of the Legal Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default; and the issuance of the Bonds and the execution and delivery of the Official Statement and the Legal Documents and compliance with the provisions on the Agency's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Agency under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents;

(g) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the Agency, threatened against the Agency in any material respect affecting the existence of the Agency or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, contesting or affecting, as to the Agency, the validity or enforceability of the Legal Documents, contesting the powers of the Agency or its authority to enter into, adopt or perform its obligations under any of the foregoing or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents;

(h) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction in the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations in connection with the issuance of the Bonds under the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matter which are required for the due authorization by, or which would constitute a

condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Legal Documents have been duly obtained;

(i) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Agency be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(j) The information concerning the Agency contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, relating to the Agency, was, is and will be true, correct and complete in all material respects and did not and does not, and on the Closing Date such information concerning the Agency will not, contain any untrue statement of a material fact or omit to state any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect;

(k) As of the date thereof and at all times subsequent thereto to and including the date which is twenty-five (25) days following the End of the Underwriting Period (as such term is defined herein) for the Bonds, the Official Statement (excluding information concerning DTC and the book-entry system, as to which no representation is made) did not and will not contain any untrue statement of a material fact regarding the Agency or omit to state a material fact regarding the Agency necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency will notify the Underwriter, and, if in the opinion of the Agency, the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will forthwith prepare and furnish to the Underwriter (at the expense of the Agency) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this paragraph, between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, the Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(m) if the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) above, at the time of each supplement or amendment thereto

and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended will not contain any untrue statement of a material fact regarding the Agency or omit to state a material fact regarding the Agency necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(n) After the Closing Date, the Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not participate in the issuance of any such amendment of or supplement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds;

(o) As used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Bonds shall mean the earlier of: (i) the Closing Date, unless the Agency shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date; or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; provided, however, that the Agency may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(p) The Agency will apply, or cause the application of, the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement;

(q) Except as described in the Preliminary Official Statement and the Official Statement, the Agency has complied in all material respects with all of its previous continuing disclosure obligations under Rule 15c2-12 during the previous five years; and

(r) Any certificate signed by any authorized official of the Agency, and delivered to the Underwriter in connection with the delivery of the Bonds, shall be deemed a representation and warranty by the Agency to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same.

All representations, warranties and agreements of the Agency shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriter’s behalf, and shall survive the delivery of the Bonds.

5. Representations, Warranties and Agreements of the City. The City hereby represents, warrants and agrees with the Underwriter as follows:

(a) The City is, and will be on the Closing Date, a municipal Agency duly organized and existing pursuant to the laws of the State of California, with the full legal right, power and authority to execute, deliver and perform its obligations, as the case may be, under: (i) this Purchase Agreement; (ii) the Continuing Disclosure Certificate; (iii) the Site Lease; and (iv) the Lease Agreement (collectively, the “City’s Legal Documents”);

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the City's Legal Documents and the consummation by it of all other transactions in which the City has a role contemplated by the Official Statement and the City's Legal Documents;

(c) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the City, threatened against the City in any material respect affecting the existence of the City or the titles of its officers to their respective offices, affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, contesting or affecting, as to the City, the validity or enforceability of the Bonds or the City's Legal Documents, contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the City's Legal Documents or the sale and delivery of the Bonds;

(d) The City will deliver the duly executed City's Legal Documents on the Closing Date, has duly authorized and approved the execution and delivery of the City's Legal Documents and when executed and delivered, the City's Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(e) On the date hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the City will be in compliance with the covenants and agreements contained in the City's Legal Documents, and no event of default shall have occurred and be continuing and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would constitute an event of default thereunder;

(f) The City is not in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject wherein a breach or default could materially adversely affect the validity or enforceability of the City's Legal Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default; and the issuance of the Bonds and the execution and delivery of the Official Statement and the City's Legal Documents and compliance with the provisions on the City's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement,

indenture, bond, note, resolution, agreement or other instrument, except as provided in the City's Legal Documents and the Indenture;

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction in the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Site Lease and Lease Agreement have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City's Legal Documents have been duly obtained;

(h) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the City be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(i) The information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement (except information relating to DTC or its book-entry only system, as to which no opinion is expressed), as of its date and at all times after the date of the Official Statement up to and including the Closing Date, was, is and will be true, correct and complete in all material respects and did not and does not, and on the Closing Date such information will not, contain any untrue statement of a material fact or omit to state any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect;

(j) As of the date thereof and at all times subsequent thereto to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds, the Official Statement (excluding information concerning the DTC and the book-entry system, as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City will notify the Underwriter, and, if in the opinion of the City, the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official

Statement, the City will forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this paragraph, between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(l) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (k) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is twenty-five (25) days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) After the Closing Date, the City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not participate in the issuance of any such amendment of or supplement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds;

(n) The financial statements of the City contained in the Preliminary Official Statement and the Official Statement fairly present the financial position of the City and results of operations thereof as of the dates and for the periods therein set forth, the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied and the City is not required to obtain the consent of the City's auditor to append the financial statements to the City to the Preliminary Official Statement and the Official Statement;

(o) Except as described in the Preliminary Official Statement and the Official Statement, the City has complied with all of its previous continuing disclosure obligations under Rule 15c2-12 during the previous five years; and

(p) Any certificate signed by any authorized official of the City, and delivered to the Underwriter in connection with the delivery of the Bonds, shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriter's behalf, and shall survive the delivery of the Bonds.

6. Conditions to the Obligations of the Underwriter. The Underwriter hereby enters into this Purchase Agreement in reliance upon the representations and warranties of the Agency and the

City contained herein, the representations and warranties of the Agency and the City to be contained in the documents and instruments to be delivered on or prior to the Closing Date and the performance by the Agency and the City of their obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the Agency and the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Agency and the City made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the Agency and the City of their respective obligations to be performed hereunder and under the Legal Documents and the City's Legal Documents, as the case may be, at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof and in any event not later than two (2) business days prior to the Closing Date, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such quantity as the Underwriter shall have requested pursuant to Section 2 hereof;

(b) As of the Closing Date, the Legal Documents and the City's Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter. The Legal Documents and City's Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the Agency and the City Council of the City as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) On the Closing Date all necessary action of the Agency and the City relating to the issuance and sale of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial public offering prices set forth in the Official Statement, of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by written notice to the Agency and the City terminating the obligation of the Underwriter to accept delivery of and make any payment for the Bonds), by reason of any of the following:

(1) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(2) an amendment to the Constitution of the United States or the State of California shall have been passed, legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction in the subject matter, legislation pending in the Congress of the United States shall have been amended, legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction in the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to State of California taxation upon revenues or other income of the general character to be derived by the Agency or the City or upon interest received on obligations of the general character of the Bonds which may have the purpose or effect, directly or indirectly, of affecting the tax status of the Agency or the City, their property or income, their securities (including the Bonds), the interest thereon, or any tax exemption granted or authorized by State of California legislation or materially and adversely affecting the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(3) legislation shall have been enacted, introduced in the Congress or recommended for passage by the President of the United States, a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction in the subject matter to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction in the subject matter shall have been issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(5) the escalation in military hostilities or declaration by the United States of a national emergency, war or other calamity or crisis the effect of which on the financial markets is such as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds as contemplated hereby or by the Official Statement;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, the general suspension of trading on any national securities exchange or a material disruption in commercial banking or securities settlement or clearances services;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) the withdrawal, downgrading or placement on “credit watch” or “negative outlook” of any rating of the Bonds or any lease obligations payable from the City’s General Fund by a national rating agency;

(9) any litigation shall be instituted or be pending on the Closing Date to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the City Resolution, the Agency Resolution, the Bonds, the City Documents, the Agency Documents or the existence or powers of the City, the Agency or the Trustee with respect to their obligations under the City Documents, the Agency Documents or the Bonds; or

(10) An material adverse event has occurred affecting the financial condition or operation of the Agency or the City which, in the opinion of the Underwriter, requires or has required a supplement or amendment to the Official Statement

(c) On or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the Preliminary Official Statement, the Official Statement and each supplement or amendment, if any, thereto, executed by the Agency and approved by the City;

(2) copies of this Purchase Agreement, the Legal Documents and the City’s Legal Documents, each duly executed and delivered by the respective parties thereto;

(3) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the Agency, in substantially the form attached to the Official Statement as Appendix E thereto, and a letter of such counsel, dated the Closing Date, and addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(4) the supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter in substantially the form attached hereto as Exhibit A;

(5) the opinion of the City Attorney of the City, as counsel for the Agency, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(6) the opinion of the City Attorney of the City, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as Exhibit C;

(7) the opinion of counsel to the Trustee, dated the Closing Date and addressed to the Agency, the City and the Underwriter, to the effect that: (i) the Trustee has duly authorized, executed and delivered the Indenture and has duly authenticated and delivered the Bonds on the Closing Date; and (ii) the Indenture constitutes the legally valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with its terms, except that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally and the application of general principles of equity;

(8) the opinion of Underwriter's Counsel, dated the Closing Date and addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(9) a certificate or certificates, dated the Closing Date, signed by a duly authorized official of the Agency satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that: (i) the representations and warranties of the Agency contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official, threatened: (A) to restrain or enjoin the execution, sale or delivery of any of the Bonds; (B) in any way affecting the validity of the Bonds or the Legal Documents; or (C) in any way contesting the existence or powers of the Agency; and (iii) no event affecting the Agency has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the Agency or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the Agency not misleading in any material respect;

(10) a certificate or certificates, dated the Closing Date, signed by a duly authorized official of the City satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that: (i) the representations and warranties of the City contained in the City's Legal Documents are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official, threatened: (A) to restrain or enjoin the payment of the Lease Payments or the execution and delivery of the City's Legal Documents; (B) in any way contesting or affecting the validity of the City's Legal Documents; or (C) in any way contesting the existence or powers of the City, wherein an unfavorable decision, ruling or finding would make invalid or materially adversely affect the authorization, execution, delivery or performance by the City of the foregoing; (iii) nothing has come to the City's attention which would cause the City to believe that the Official Statement (excluding therefrom information concerning DTC and the book-entry system included therein), as of the date thereof and the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iv) since June 30, 2020, except as referred to in or as contemplated by the Official Statement, the City has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the financial condition of the City that would materially and adversely affect the ability of the City to meet its obligations under the Site Lease and the Lease Agreement;

(11) a certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that: (i) the

Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture; (ii) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture; (iii) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, and the authentication and delivery of the Bonds, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (iv) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or, to the best knowledge of such officer, threatened against, the Trustee, affecting the existence of the Trustee or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Indenture against the Trustee, or contesting the power of the Trustee or its authority to enter into, adopt or perform its obligations under the Indenture, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture against the Trustee or the authentication and delivery of the Bonds;

(12) a certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(13) certified copies of the resolutions of the Agency authorizing the execution and delivery of the Legal Documents and the Official Statement;

(14) certified copies of the resolutions of the City authorizing the execution and delivery of the City's Legal Documents and the preparation and distribution of the Preliminary Official Statement and the Official Statement;

(15) evidence satisfactory to the Underwriter that ratings on the Bonds described in the Official Statement are in full force and effect as of the Closing Date;

(16) a copy of the Blue Sky memorandum with respect to the Bonds, if any, prepared by Underwriter's Counsel;

(17) a CLTA title insurance policy insuring the Agency's and the City's interests in the Lease Agreement and a CLTA owner's policy insuring the City's ownership of the Property, in each case in an amount equal to not less than the par amount of the Bonds and otherwise in compliance with Section 5.6 of the Lease Agreement;

(18) evidence of such insurance required by Section 5.3, 5.4 and 5.5 of the Lease Agreement, in each case naming the Trustee as an additional insured;

(19) the Report of Proposed Debt Issuance Sale and Report of Final Debt Issuance required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) and 53583 of the Government Code of the State of California;

(20) the Blanket Letter of Representations of the Agency to DTC, relating to the book-entry only system;

(21) Evidence that a Notice of Joint Exercise of Powers Agreement has been filed with respect to the Agency with the California Secretary of State; and

(22) such additional legal opinions, certificates, proceedings, instruments, insurance policies or evidences thereof and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the Agency and the City herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency and the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Agency and the City in connection with the transactions contemplated hereby and by the Official Statement, the Legal Documents and the City's Legal Documents.

If the Agency or the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the Agency and the City, and neither the Underwriter, the Agency nor the City shall have any further obligations hereunder.

7. Expenses. All expenses and costs of the City and the Agency incident to the performance of its obligations hereunder and relating to the execution and sale of the Bonds to the Underwriter, including the costs of printing or reproduction of the Bonds, the City Documents, the Agency Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, fees of obtaining title insurance, advertising expenses, fees and expenses of the Trustee and its counsel, fees and expenses of the Agency and its counsel and fees and expenses of counsel to the City, Special Counsel and Disclosure Counsel, shall be paid by the City from the proceeds of the Bonds or other revenues of the City. The City shall be solely responsible for and shall pay for any expenses incurred by the Underwriter on behalf of the City's employees and representatives, which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriter incurred under or pursuant to this Contract of Purchase, including, without limitation, the cost of preparing this Contract of Purchase and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriter, shall be paid by the Underwriter (which may be included as an expense component of the Underwriter's discount).

8. Notices. Any notice or other communication to be given: (i) to the Agency under this Purchase Agreement may be given by delivering the same in writing to the Agency, 1700 West 162nd Street, Gardena, CA 90247-1310, Attention: Executive Director; (ii) to the City under this Purchase Agreement may be given by delivering the same in writing to the City, 1700 West 162nd Street, Gardena, CA 90247-1310, Attention: City Manager; and (iii) to the Underwriter under this

Purchase Agreement may be given by delivering the same in writing to the Underwriter: BofA Securities, Inc., 333 South Hope Street, Suite 3820, Los Angeles, California 90071, Attention: Jeffrey Bower, Managing Director.

9. Survival of Representations and Warranties. The Agency's and the City's representations, warranties and agreements contained in this Purchase Agreement or made in any certificate delivered hereunder shall remain operative and in full force and effect, regardless of: (i) any investigations or statements made by or on behalf of the Underwriter; and (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement.

10. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution hereof by duly authorized officers of the Agency and the City and shall be valid and enforceable as of the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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

12. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

13. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State of California.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Purchase Agreement, effective as of the day and year first above written.

BOFA SECURITIES, INC., as Underwriter

By: _____
Authorized Representative

Accepted:

CITY OF GARDENA FINANCING AGENCY

By: _____
Title: _____

APPROVED AS TO FORM:
City Attorney

CITY OF GARDENA

By: _____
Title: _____

APPROVED AS TO FORM:
City Attorney

SCHEDULE I

\$ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

MATURITY SCHEDULE

<i>Maturity Date</i> <i>(May 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>
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EXHIBIT A
FORM OF SUPPLEMENTAL OPINION OF
QUINT & THIMMIG LLP

September __, 2021

BofA Securities, Inc.
Los Angeles, California

City of Gardena Financing Agency
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriter, pursuant to Section 5(e)(4) of the Bond Purchase Agreement, dated September __, 2021 (the “Purchase Agreement”), among BofA Securities, Inc., (the “Underwriter”), the City of Gardena Financing Agency (the “Agency”) and the City of Gardena (the “City”), providing for the purchase of \$_____ aggregate principal amount of the City of Gardena Financing Agency (Los Angeles County, California Lease Revenue Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to the Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture in the Purchase Agreement.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Agency concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Agency. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Agency, we have reviewed the Purchase Agreement, the Indenture, the Lease Agreement, the Site Lease, opinions of counsel to the Agency, the Trustee and the City, certificates of the Agency, the Trustee, the City and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth in the numbered paragraphs below.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal

conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Lease Agreement, the Site Lease, and the Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities and public authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement dated September __, 2021 (the "Official Statement") or other offering material relating to the Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 2 below.

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

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "APPENDIX E – PROPOSED FORM OF BOND COUNSEL OPINION" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS," excluding any material that may be treated as included under such captions by reference to other documents, insofar as such statements expressly summarize certain provisions of the Indenture, the Lease Agreement and the Site Lease and the form and content of our Bond Opinion, are accurate in all material respects.

3. The Legal Documents have been duly executed and delivered by, and are the valid and binding agreements of, the Agency and the City.

We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 2 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to the Agency in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Agency, the City, their respective counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the Agency and City and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or

expressions of opinion, or any information about book-entry, DTC, the Underwriter, underwriting and the information contained in Appendices A, B and C included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is furnished by us as bond counsel to the Agency. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as the Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

QUINT & THIMMIG LLP

EXHIBIT B

FORM OF OPINION OF AGENCY COUNSEL

BofA Securities, Inc.
Los Angeles, California 90071

§ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

Ladies and Gentlemen:

As City Attorney of the City of Gardena (the “City”), I am acting as counsel to the City of Gardena Financing Agency (the “Agency”), a joint exercise of powers authority organized and existing pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California in connection with the issuance of \$_____ principal amount of City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). I have examined the following documents: (i) the Site and Facility Lease, dated as of September 1, 2021 (the “Site Lease”), by and between the City and the Agency; (ii) the Lease Agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency and the City; (iii) the Indenture; (iv) the Bond Purchase Agreement, dated September __, 2021 (the “Purchase Agreement”), by and between the Agency and BofA Securities, Inc., as the Underwriter, and acknowledged by the City; and (v) the Official Statement, dated September __, 2021 (the “Official Statement”) relating to the Bonds, and have made such other investigations of law and fact as I have deemed necessary to render the following opinion. Terms used herein and not defined shall have the meanings given such terms in the Purchase Agreement.

It is my opinion that:

(1) The Agency is a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California.

(2) The resolution of the Agency approving and authorizing the execution and delivery of the Indenture, the Site Lease, the Lease Agreement and the Purchase Agreement and approving the execution, delivery and distribution of the Official Statement, by the Agency was duly adopted at a meeting of the Board of Directors of the Agency, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(3) The Agency has the necessary power and authority to execute and deliver the Indenture, the Site Lease, the Lease Agreement and the Purchase Agreement.

(4) The Official Statement has been duly authorized, executed and delivered, and the Indenture, the Site Lease, the Lease Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture, the Site Lease, the Lease Agreement and the Purchase Agreement constitute legal, valid and binding agreements of the Agency, enforceable in accordance with their respective terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, the application of equitable principles if equitable remedies are sought and the limitations on legal remedies against public agencies in the State of California.

(5) The execution and delivery of the Indenture, the Site Lease, the Lease Agreement and the Purchase Agreement by the Agency, and compliance by the Agency with the provisions thereof will not conflict with or constitute on the part of the Agency a breach of, or default under, the Joint Powers Agreement (as such term is defined in the Indenture), or any agreement or other instrument to which the Agency is a party or by which it is bound or any existing law, regulation, court order or decree to which the Agency is subject.

(6) Except as described in the Official Statement, no approval, consent or authorization of any governmental or public agency, authority or person is required for the execution, delivery and performance by the Agency of the Indenture, the Site Lease, the Lease Agreement or the Purchase Agreement which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(7) Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would cause me to believe that the Official Statement (excluding therefrom financial statements, statistical data, information concerning DTC and the book-entry system included therein and the Appendices thereto, as to which no opinion is expressed), as of the date thereof and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(8) Except as described in the Official Statement, to the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Agency or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the Agency in connection with the transactions contemplated by the Indenture, the Site Lease, the Lease Agreement, the Purchase Agreement or the Official Statement, or the validity of the proceedings taken by the Agency in connection with the authorization, execution or delivery of the Bonds, the Indenture, the Site Lease, the Lease Agreement, the Purchase Agreement, or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Site Lease, the Lease Agreement, the Purchase Agreement or the Official Statement, or which in any way would adversely affect the validity or enforceability of the Indenture, the Site Lease, the Lease Agreement, the Purchase Agreement, or, in any material respect, the ability of the Agency to perform its obligations thereunder.

(9) The assignment of rights by the Agency to the Trustee pursuant to the Indenture is effective to grant to the Trustee all of the rights granted thereby (including the right to receive

payments paid by the City under the Lease Agreement) free and clear of any lien or security interest or other claim of any third party or entity claiming by or through the Agency other than as set forth in the Official Statement.

The opinions set forth herein represent Agency Counsel's judgment as to the law applicable to the facts of the matter and are not guarantees as to such judgment.

I am furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

AGENCY COUNSEL

EXHIBIT C

FORM OF OPINION OF CITY ATTORNEY

BofA Securities, Inc.
Los Angeles, California 90071

\$ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

Ladies and Gentlemen:

As City Attorney of the City of Gardena (the “City”), I am acting as counsel to the City in connection with the issuance of \$ _____ principal amount of City of Gardena Financing Agency (Los Angeles County, California) Lease Revenue Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the “Indenture”), by and between the City of Gardena Financing Agency (the “Agency”) and U.S. Bank National Association, as trustee (the “Trustee”). I have examined the following documents: (i) the Site and Facility Lease, dated as of September 1, 2021 (the “Site Lease”), by and between the City and the Agency; (ii) the Lease Agreement, dated as of September 1, 2021 (the “Lease Agreement”), by and between the Agency and the City; (iii) the Indenture; (iv) the Continuing Disclosure Certificate dated as of September 1, 2021 (the “Continuing Disclosure Certificate”), to be executed by the City and acknowledged by the Trustee, as Dissemination Agent; (v) the Bond Purchase Agreement, dated September __, 2021 (the “Purchase Agreement”), by and between the Agency and BofA Securities, Inc., as the Underwriter, and acknowledged by the City; and (vi) the Official Statement, dated September __, 2021 (the “Official Statement”) relating to the Bonds, and have made such other investigations of law and fact as I have deemed necessary to render the following opinion. Terms used herein and not defined shall have the meanings given such terms in the Purchase Agreement.

It is my opinion that:

- (1) The City is a municipal Agency of the State of California (the “State”), duly organized and validly existing under the laws of the State.
- (2) The resolution of the City approving and authorizing the execution and delivery of the Site Lease, the Lease Agreement, the Continuing Disclosure Certificate and the Purchase Agreement (collectively, the “City’s Legal Documents”) and approving and authorizing the distribution of the Official Statement by the City was duly adopted at a meeting of the City Council of the City, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.
- (3) The City has the necessary power and authority to execute and deliver the City’s Legal Documents.

(4) The Official Statement has been duly authorized by the City and City's Legal Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, the City's Legal Documents constitute the legal, valid and binding agreements of the City enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, the application of equitable principles if equitable remedies are sought and limitations on legal remedies against municipal corporations in the State.

(5) The execution and delivery of the City's Legal Documents by the City, and compliance by the City with the provisions thereof will not conflict with or constitute a breach of, or default under, any agreement or other instrument to which the City is a party or by which it is bound, or any existing law, regulation, court order or decree to which the City is subject or any provision of the laws of the State relating to the City and its affairs.

(6) Except as described in the Official Statement, no approval, consent or authorization of any governmental or public agency, authority or person is required for the execution, delivery and performance by the City of the City's Legal Documents which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(7) Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement (excluding therefrom financial statements, statistical data, information concerning DTC and the book-entry system included therein and Appendices A and E thereto, as to which no opinion is expressed) as of the date thereof and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(8) Except as described in the Official Statement, to the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, governmental agency, public board or body, pending or threatened against or affecting the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the City in connection with the transactions contemplated by the City's Legal Documents or the Official Statement, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the City's Legal Documents or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the City's Legal Documents or the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the City's Legal Documents or, in any material respect, the ability of the City to perform its obligations thereunder.

The opinions set forth herein represent the City Attorney's judgment as to the law applicable to the facts of the matter and are not guarantees as to such judgment.

I am furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

CITY ATTORNEY

EXHIBIT D

FORM OF ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

\$ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

The undersigned, on behalf of BofA Securities, Inc. (“BofA”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) BofA offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated [____], 2021, by and between BofA, the Agency and the City, BofA has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. BofA has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *City* means the City of Gardena.

(b) *Agency* means the City of Gardena Financing Agency.

(c) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(d) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(e) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([____], 2021), or (ii) the date on which BofA has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(f) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(g) *Public* means any person (including an individual, trust, estate, partnership, association, company, or Agency) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [____], 2021.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents BofA’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge of the undersigned but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

BofA SECURITIES, INC.

By: _____
Name:
Title:

Dated: [____], 2021

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

\$ _____
CITY OF GARDENA FINANCING AGENCY
(Los Angeles County, California)
Lease Revenue Bonds, Series 2021

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price
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* General Rule Maturities.

** Hold-the-Offering-Price Maturities.

*** Priced to the first optional redemption date of [_____].

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

RESOLUTION NO. 2021-3

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF GARDENA FINANCING AGENCY, GARDENA, CALIFORNIA, AMENDING CERTAIN 2017 LEASE FINANCING DOCUMENTS TO PROVIDE FOR THE SUBSTITUTION OF THE PROPERTY AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS RELATING THERETO

RESOLVED, by the Board of Directors (the "Board") of the City of Gardena Financing Agency (the "Agency") as follows:

WHEREAS, the City of Gardena (the "City") and the Agency have heretofore entered into that certain Site and Facility Lease, dated as of June 1, 2017 (the "Site and Facility Lease"), pursuant to which the City leased certain real property and improvements described in Exhibits A and B thereto (collectively, the "Property") to the Agency and the Agency leased the Property from the City;

WHEREAS, the Agency and the City have heretofore entered into that certain Lease Agreement, dated as of June 1, 2017 (the "Lease Agreement"), pursuant to which the Agency leased the Property to the City and the City leased the Property from the Agency and pursuant to which the City agreed to make certain lease payments (the "Lease Payments") to the Agency;

WHEREAS, the Agency and ZB, National Association, now known as Zions Bancorporation, N.A. (the "Assignee"), have heretofore entered into that certain Assignment Agreement, dated as of June 1, 2017 (the "Assignment Agreement"), pursuant to which the Agency assigned to the Assignee its right to receive the Lease Payments;

WHEREAS, the City has determined that it is necessary to amend the description of the Property, as set forth in the Site and Facility Lease, the Lease Agreement and the Assignment Agreement to substitute the real property and improvements described therein;

WHEREAS, Section 7.6 of the Lease Agreement grants to the City the option to substitute the Property, provided that the City shall satisfy certain requirements which are conditions precedent to such substitution;

WHEREAS, the City will satisfy all such requirements; and

WHEREAS, the documents below specified have been filed with the Agency and the members of the Board, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The below-enumerated documents, in the forms on file with the Secretary, be and are hereby approved, and the Chair, the Vice Chair, the Executive Director or the Treasurer, or the designee of any such official, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official:

(a) an amendment to the Site and Facility Lease;

(b) an amendment to the Lease Agreement; and

(c) an amendment to the Assignment Agreement.

Section 2. The Chair, the Vice Chair, the Executive Director, the Treasurer, the Secretary and all other officers of the Agency are each authorized and directed in the name and on behalf of the Agency to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Agency is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 3. This Resolution shall take effect immediately.

* * * * *

I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by Board of Directors of the City of Gardena Financing Agency at a regular meeting assembled on the 10th day of August 2021, by the following vote to wit:

TASHA CERDA, Chairwoman

ATTEST:

MINA SEMENZA, Agency Secretary

APPROVED AS TO FORM:



CARMEN VASQUEZ, Agency Counsel

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO SITE AND FACILITY LEASE

**(Amending that Certain Site and Facility Lease, dated as of June 1, 2017, by
and between the City of Gardena and the City of Gardena Financing Agency)**

Dated as of August 1, 2021

by and between the

CITY OF GARDENA, as Lessor

and the

CITY OF GARDENA FINANCING AGENCY, as Lessee

FIRST AMENDMENT TO SITE AND FACILITY LEASE

THIS FIRST AMENDMENT TO SITE AND FACILITY LEASE, dated as of August 1, 2021, is by and between the CITY OF GARDENA, a municipal corporation and general law city, duly organized and existing under and by virtue of the laws of the State of California, as lessor (the "City"), and the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessee (the "Agency"), amending that certain Site and Facility Lease, dated as of June 1, 2017, by and between the City and the Agency, and recorded on June 29, 2017, as document number 20170728410, in the Official Records of Los Angeles County, California (the "Site and Facility Lease");

WITNESSETH:

WHEREAS, the City and the Agency have heretofore entered into the Site and Facility Lease, pursuant to which the City leased certain real property, described in Exhibits A and B thereto (the "Property") to the Agency and the Agency leased the Property from the City;

WHEREAS, the Agency and the City have heretofore entered into the Lease Agreement, dated as of June 1, 2017, recorded by memorandum on June 29, 2017, as document number 20170728411, in the Official Records of Los Angeles County, California, a first amendment thereto being recorded concurrently herewith (the "Lease Agreement"), pursuant to which the Agency leased the Property to the City and the City leased the Property from the Agency;

WHEREAS, the Agency and ZB, National Association, now known as Zions Bancorporation, N.A. (the "Assignee"), have heretofore entered into the Assignment Agreement, dated as of June 1, 2017, recorded on June 29, 2017, as document number 20170728412, in the Official Records of Los Angeles, California, a first amendment thereto being recorded concurrently herewith (the "Assignment Agreement"), pursuant to which the Agency assigned to the Assignee its right to receive lease payments made by the City under the Lease Agreement (the "Lease Payments");

WHEREAS, the City has determined that it is necessary to amend the description of the Property, as set forth in the Site and Facility Lease, the Lease Agreement and the Assignment Agreement to release the existing Site and Facility and to substitute other real property and improvements therefor; and

WHEREAS, Section 7.6 of the Lease Agreement authorizes amendment of the Site and the Facility Lease, the Lease Agreement and the Assignment Agreement, to substitute the Site and/or the Facility, subject to certain conditions precedent set forth therein;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendment of the Site and Facility Lease.

(a) The description of the Site contained in Exhibit A to the Site and Facility Lease is hereby amended by releasing and terminating from the Site and Facility Lease all property described in Exhibit A attached thereto. The resulting description of the Site shall be as described in Exhibit B attached hereto which shall modify and replace in its entirety Exhibit A attached to the Site and Facility Lease.

(b) The description of the Facility contained in Exhibit B to the Site and Facility Lease is hereby amended by releasing and terminating from the Site and Facility Lease all improvements described in Exhibit C attached hereto. The resulting description of the Facility shall be as described in Exhibit D attached hereto which shall modify and replace in its entirety Exhibit B attached to the Site and Facility Lease.

(c) By virtue of such substitutions, the City hereby leases to the Agency and the Agency hereby leases from the City, the Site, as now described in Exhibit B attached hereto, and the Facility, as now described in Exhibit D attached hereto.

SECTION 2. Site and Facility Lease in Full Force and Effect. Except as amended by this First Amendment to Site and Facility Lease, the Site and Facility Lease remains in full force and effect.

SECTION 3. Execution in Counterparts. This First Amendment to Site and Facility Lease 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.

SECTION 4. Applicable Law. This First Amendment to Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the City and the Agency have caused this First Amendment to Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDENA

By _____
Clint Osorio
City Manager

CITY OF GARDENA FINANCING
AGENCY

By _____
Clint Osorio
Executive Director

APPROVED:

ZIONS BANCORPORATION, N.A.,
formerly known as ZB, National
Association, as Assignee

By _____
Name _____
Title _____

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A
RELEASED SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

THOSE PORTIONS OF BLOCK 18 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE WESTERLY 142.5 FEET OF LOTS 1 AND 2. ALSO EXCEPTING THE SOUTH 44.04 OF LOT 2.

EXHIBIT B

DESCRIPTION OF THE RESULTING SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GARDENA, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE SOUTHWEST CORNER OF THE ROWLEY PARK PROPERTY IN THE CITY OF GARDENA, CALIFORNIA, SAID PROPERTY HAVING ASSESSOR NUMBER 4061-022-901, AND BEING THE POINT OF BEGINNING, THEN GOING NORTH 629.0 FEET, THEN EAST 18.5 FEET TO THE SOUTHWEST CORNER OF BUILDING NUMBER ONE. FROM SAID POINT THE OUTLINE OF THE BUILDING IS DEFINED BY TRAVERSING NORTH 97.8 FEET, THEN EAST 60.2 FEET, THEN SOUTH 97.8 FEET, THEN WEST 60.2 FEET TO THE SOUTHWEST CORNER OF BUILDING ONE. THE BUILDING FOOTPRINT IS APPROXIMATELY 5,888 SQUARE FEET.

EXCEPT ALL OIL, GAS, AND/OR OTHER HYDROCARBON SUBSTANCES LYING UNDER AND WITHIN SAID LAND, WHICH RESERVATION IS SUBJECT TO THE FOLLOWING CONDITIONS, TOWIT: THAT THE DEFENDANTS SHALL NEVER HAVE ANY RIGHT OF ENTRY UPON THE PARCEL OF LAND BEING CONDEMNED FOR THE PURPOSE OF DEVELOPING OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES, BUT THAT DEVELOPMENT THEREOF MAY BE MADE BY MEANS OF WELLS UNTO ADJACENT LANDS OWNED BY THE DEFENDANTS; NO SUCH WELL, HOWEVER, TO BE DRILLED NEARER THAN 150 FEET TO THE BOUNDARIES OF SAID PARCEL OF LAND, BEING CONDEMNED, AS RESERVED IN THE FINAL DECREE OF CONDEMNATION ENTERED IN SUPERIOR COURT LOS ANGELES COUNTY, CASE NO. 534017; A CERTIFIED COPY OF SAID DECREE BEING RECORDED OCTOBER 1, 1947 IN BOOK 25246 PAGE 176 OF OFFICIAL RECORDS.

PORTION OF APN: 4061-022-901

EXHIBIT C

RELEASED FACILITY

The Facility is the City's **Fire Department Headquarters** located on the Site at 1650 West 162nd Street in the City of Gardena. The station was built in 1964, contains 17,915 square feet of space, houses a an engine, a paramedic unit and a utility truck and is staffed by eight sworn personnel and three civilians.

EXHIBIT D

DESCRIPTION OF THE RESULTING FACILITY

Rowley Park Recreation Center is located at 13220 South Van Ness Avenue within the 18.17-acre Rowley Park. The facility has a kitchen, two classrooms and a large meeting room. The space is currently used for the City's senior lunch program, dance classes, summer camp, neighborhood watch meetings, and other City related meetings and activities. The facility was recently updated with audio visual equipment to continue to serve the Gardena community.

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO LEASE AGREEMENT

(Amending that Certain Lease Agreement, dated as of December 1, 2017, by and between the City of Gardena Financing Agency and the City of Gardena)

Dated as of August 1, 2021

by and between the

CITY OF GARDENA FINANCING AGENCY, as Lessor

and the

CITY OF GARDENA, as Lessee

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT, dated as of August 1, 2021, is by and between the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessor (the "Agency"), and the CITY OF GARDENA, a municipal corporation and general law city, duly organized and existing under and by virtue of the laws of the State of California, as lessee (the "City"), amending that certain Lease Agreement, dated as of June 1, 2017, by and between the Agency and the City, and recorded by memorandum on June 29, 2017, as document number 20170728411, in the Official Records of Los Angeles County, California (the "Lease Agreement");

WITNESSETH:

WHEREAS, the City and the Agency have heretofore entered into the Site and Facility Lease, dated as of June 1, 2017, recorded on June 29, 2017, as document number 20170728410, in the Official Records of Los Angeles County, California, a first amendment thereto being recorded concurrently herewith (the "Site and Facility Lease"), pursuant to which the City leased certain real property, described in Exhibits A and B thereto (the "Property") to the Agency and the Agency leased the Property from the City;

WHEREAS, the Agency and the City have heretofore entered into the Lease Agreement, pursuant to which the Agency leased the Property to the City and the City leased the Property from the Agency;

WHEREAS, the Agency and ZB, National Association, now known as Zions Bancorporation, N.A. (the "Assignee") have heretofore entered into the Assignment Agreement, dated as of June 1, 2017, recorded on June 29, 2017, as document number 20170728412, in the Official Records of Los Angeles County, California, a first amendment thereto being recorded concurrently herewith (the "Assignment Agreement"), pursuant to which the Agency assigned to the Assignee its right to receive lease payments made by the City under the Lease Agreement (the "Lease Payments");

WHEREAS, the City has determined that it is necessary to amend the description of the Property, as set forth in the Site and Facility Lease, the Lease Agreement and the Assignment Agreement to release the existing Property and to substitute other real property and improvements therefor; and

WHEREAS, Section 7.6 of the Lease Agreement authorizes amendment of the Site and the Facility Lease, the Lease Agreement and the Assignment Agreement to substitute the Property, subject to certain conditions precedent set forth therein;

WHEREAS, the City and the Agency deem it necessary and desirable that the Site and Facility Lease, the Lease Agreement and the Assignment Agreement be so amended;

WHEREAS, any such substitution of the Property requires that:

(a) the City file with the Agency and the Assignee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such substitute site and deletes therefrom the description of the former site;

(b) the City file with the Agency and the Assignee an amended Exhibit A to the Lease Agreement which adds thereto a description of such substitute site and deletes therefrom the description of the former site;

(c) the City file with the Agency and the Assignee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such substitute facility and deletes therefrom the description of the former facility;

(d) the City file with the Agency and the Assignee an amended Exhibit B to the Lease Agreement which adds thereto a description of such substitute facility and deletes therefrom the description of the former facility;

(e) the City certify in writing to the Agency and the Assignee that the City holds fee title to the substitute Property which serves the purposes of the City, constitutes property that is unencumbered, and constitutes property which the City is permitted to lease under the laws of the State of California;

(f) the City deliver to the Agency and the Assignee evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the unpaid principal amount of the Lease Agreement;

(g) the substitute Property shall not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement; and

(h) the City certify in writing to the Agency and the Assignee that the substitute Property is essential to the City as was the former Property,

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendment of the Lease Agreement.

(a) The description of the Site contained in Exhibit A to the Lease Agreement is hereby amended by releasing and terminating from the Lease Agreement all property described in Exhibit A attached thereto. The resulting description of the Site shall be as described in Exhibit B attached hereto which shall modify and replace in its entirety Exhibit A attached to the Lease Agreement.

(b) The description of the Facility contained in Exhibit B to the Lease Agreement is hereby amended by releasing and terminating from the Lease Agreement all improvements described in Exhibit C attached hereto. The resulting description of the Facility shall be as described in Exhibit D attached hereto which shall modify and replace in its entirety Exhibit B attached to the Lease Agreement.

(c) By virtue of such substitutions, the Agency hereby leases to the City and the City hereby leases from the Agency, the Site, as now described in Exhibit B attached hereto, and the Facility, as now described in Exhibit D attached hereto.

SECTION 2. Other Conditions Satisfied. The City hereby certifies that:

(a) the City has filed with the Agency and the Assignee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such substitute site and deletes therefrom the description of the former site;

(b) the City has filed with the Agency and the Assignee an amended Exhibit A to the Lease Agreement which adds thereto a description of such substitute site and deletes therefrom the description of the former site;

(c) the City has filed with the Agency and the Assignee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such substitute facility and deletes therefrom the description of the former facility;

(d) the City has filed with the Agency and the Assignee an amended Exhibit B to the Lease Agreement which adds thereto a description of such substitute facility and deletes therefrom the description of the former facility;

(e) the City has certified to the Agency and the Assignee that the City holds fee title to the substitute Property which serves the purposes of the City, constitutes property that is unencumbered, and constitutes property which the City is permitted to lease under the laws of the State of California;

(f) the City has delivered to the Agency and the Assignee evidence that the value of the Property following such substitution is equal to or greater than the unpaid principal amount of the Lease Agreement;

(g) the substitute Property will not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement; and

(h) the City has certified to the Agency and the Assignee that the substitute Property is essential to the City as was the former Property,

SECTION 3. Lease Agreement in Full Force and Effect. Except as amended by this First Amendment to Lease Agreement, the Lease Agreement remains in full force and effect.

SECTION 4. Execution in Counterparts. This First Amendment to Lease 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.

SECTION 5. Applicable Law. This First Amendment to Lease Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agency and the City have caused this First Amendment to Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDENA FINANCING
AGENCY

By _____
Clint Osorio
Executive Director

CITY OF GARDENA

By _____
Clint Osorio
City Manager

APPROVED:

ZIONDS BANCORPORATIOIN (formerly
known as ZB, National Association), as
Assignee

By _____
Name _____
Title _____

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A
RELEASED SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

Those portions of Block 18 of Broadacres, in the City of Gardena, as per map recorded in Book 30 Page 42 of Miscellaneous Records, in the Office of the County of Los Angeles, described as follows:

Lots 1 and 2 of said Block 18, except the Westerly 142.5 feet of Lots 1 and 2. also excepting the South 44.04 of Lot 2.

EXHIBIT B

DESCRIPTION OF THE RESULTING SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GARDENA, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE SOUTHWEST CORNER OF THE ROWLEY PARK PROPERTY IN THE CITY OF GARDENA, CALIFORNIA, SAID PROPERTY HAVING ASSESSOR NUMBER 4061-022-901, AND BEING THE POINT OF BEGINNING, THEN GOING NORTH 629.0 FEET, THEN EAST 18.5 FEET TO THE SOUTHWEST CORNER OF BUILDING NUMBER ONE. FROM SAID POINT THE OUTLINE OF THE BUILDING IS DEFINED BY TRAVERSING NORTH 97.8 FEET, THEN EAST 60.2 FEET, THEN SOUTH 97.8 FEET, THEN WEST 60.2 FEET TO THE SOUTHWEST CORNER OF BUILDING ONE. THE BUILDING FOOTPRINT IS APPROXIMATELY 5,888 SQUARE FEET.

EXCEPT ALL OIL, GAS, AND/OR OTHER HYDROCARBON SUBSTANCES LYING UNDER AND WITHIN SAID LAND, WHICH RESERVATION IS SUBJECT TO THE FOLLOWING CONDITIONS, TOWIT: THAT THE DEFENDANTS SHALL NEVER HAVE ANY RIGHT OF ENTRY UPON THE PARCEL OF LAND BEING CONDEMNED FOR THE PURPOSE OF DEVELOPING OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES, BUT THAT DEVELOPMENT THEREOF MAY BE MADE BY MEANS OF WELLS UNTO ADJACENT LANDS OWNED BY THE DEFENDANTS; NO SUCH WELL, HOWEVER, TO BE DRILLED NEARER THAN 150 FEET TO THE BOUNDARIES OF SAID PARCEL OF LAND, BEING CONDEMNED, AS RESERVED IN THE FINAL DECREE OF CONDEMNATION ENTERED IN SUPERIOR COURT LOS ANGELES COUNTY, CASE NO. 534017; A CERTIFIED COPY OF SAID DECREE BEING RECORDED OCTOBER 1, 1947 IN BOOK 25246 PAGE 176 OF OFFICIAL RECORDS.

PORTION OF APN: 4061-022-901

EXHIBIT C

RELEASED FACILITY

The Facility is the City's **Fire Department Headquarters** located on the Site at 1650 West 162nd Street in the City of Gardena. The station was built in 1964, contains 17,915 square feet of space, houses a an engine, a paramedic unit and a utility truck and is staffed by eight sworn personnel and three civilians.

EXHIBIT D

DESCRIPTION OF THE RESULTING FACILITY

Rowley Park Recreation Center is located at 13220 South Van Ness Avenue within the 18.17-acre Rowley Park. The facility has a kitchen, two classrooms and a large meeting room. The space is currently used for the City's senior lunch program, dance classes, summer camp, neighborhood watch meetings, and other City related meetings and activities. The facility was recently updated with audio visual equipment to continue to serve the Gardena community.

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO ASSIGNMENT AGREEMENT

(Amending that Assignment Agreement, dated as of June 1, 2017, by and between the City of Gardena Financing Agency and ZB, National Association)

Dated as of August 1, 2021

by and between the

CITY OF GARDENA FINANCING AGENCY,

and

ZIONS BANCORPORATION, N.A., as Assignee

FIRST AMENDMENT TO ASSIGNMENT AGREEMENT

THIS FIRST AMENDMENT TO ASSIGNMENT AGREEMENT, dated as of August 1, 2021, is by and between the CITY OF GARDENA FINANCING AGENCY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and ZIONS BANCORPORATION, N.A., formerly known as ZB, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as assignee (the "Assignee"), amending that certain Assignment Agreement, dated as of June 1, 2017, by and between the Corporation and the Assignee, and recorded on June 29, 2017, as document number 20170728412, in the Official Records of Los Angeles County, California (the "Assignment Agreement");

WITNESSETH:

WHEREAS, the City of Gardena (the "City") and the Corporation have heretofore entered into the Site and Facility Lease, dated as of June 1, 2017, recorded on June 29, 2017, as document number 20170728410, in the Official Records of Los Angeles County, California, a first amendment thereto being recorded concurrently herewith (the "Site and Facility Lease"), pursuant to which the City leased certain real property, described in Exhibits A and B thereto (the "Property") to the Corporation and the Corporation leased the Property from the City;

WHEREAS, the Corporation and the City have heretofore entered into a Lease Agreement, dated as of June 1, 2017, recorded by memorandum on June 29, 2017, as document number 20170728411, in the Official Records of Los Angeles County, California, a first amendment thereto being recorded concurrently herewith (the "Lease Agreement"), pursuant to which the Corporation leased the Property to the City and the City leased the Property from the Corporation;

WHEREAS, the Corporation and the Assignee have heretofore entered into the Assignment Agreement pursuant to which the Corporation assigned to the Assignee its right to receive lease payments made by the City under the Lease Agreement (the "Lease Payments");

WHEREAS, the City has determined that it is necessary to amend the description of the Property, as set forth in the Site and Facility Lease, the Lease Agreement and the Assignment Agreement to release the existing Site and Facility and to substitute other real property and improvements therefor;

WHEREAS, Section 7.6 of the Lease Agreement authorizes amendment of the Site and the Facility Lease, the Lease Agreement and the Assignment Agreement to substitute the Site and/or the Facility, subject to certain conditions precedent set forth therein; and

WHEREAS, the City and the Corporation deem it necessary and desirable that the Assignment Agreement be so amended;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendment of the Assignment Agreement.

(a) The description of the Site contained in Exhibit A to the Assignment Agreement is hereby amended by releasing and terminating from the Assignment Agreement all property

described in Exhibit A attached thereto. The resulting description of the Site shall be as described in Exhibit B attached hereto which shall modify and replace in its entirety Exhibit A attached to the Assignment Agreement.

(b) The description of the Facility contained in Exhibit B to the Assignment Agreement is hereby amended by releasing and terminating from the Assignment Agreement all improvements described in Exhibit C attached hereto. The resulting description of the Facility shall be as described in Exhibit D attached hereto which shall modify and replace in its entirety Exhibit B attached to the Assignment Agreement.

SECTION 2. Assignment Agreement in Full Force and Effect. Except as amended by this First Amendment to Assignment Agreement, the Assignment Agreement remains in full force and effect.

SECTION 3. Execution in Counterparts. This First Amendment to Assignment 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.

SECTION 4. Applicable Law. This First Amendment to Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Corporation and the Assignee have caused this First Amendment to Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDENA FINANCING
AGENCY

By _____
Clint Osorio
Executive Director

ZIONS BANCORPORATION, N.A., as
Assignee

By _____
Name _____
Title _____

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A
RELEASED SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

THOSE PORTIONS OF BLOCK 18 OF BROADACRES, IN THE CITY OF GARDENA, AS PER MAP RECORDED IN BOOK 30 PAGE 42 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 OF SAID BLOCK 18, EXCEPT THE WESTERLY 142.5 FEET OF LOTS 1 AND 2. ALSO EXCEPTING THE SOUTH 44.04 OF LOT 2.

EXHIBIT B

DESCRIPTION OF THE RESULTING SITE

All that certain real property situated in Los Angeles County, State of California, described as follows:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GARDENA, LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE SOUTHWEST CORNER OF THE ROWLEY PARK PROPERTY IN THE CITY OF GARDENA, CALIFORNIA, SAID PROPERTY HAVING ASSESSOR NUMBER 4061-022-901, AND BEING THE POINT OF BEGINNING, THEN GOING NORTH 629.0 FEET, THEN EAST 18.5 FEET TO THE SOUTHWEST CORNER OF BUILDING NUMBER ONE. FROM SAID POINT THE OUTLINE OF THE BUILDING IS DEFINED BY TRAVERSING NORTH 97.8 FEET, THEN EAST 60.2 FEET, THEN SOUTH 97.8 FEET, THEN WEST 60.2 FEET TO THE SOUTHWEST CORNER OF BUILDING ONE. THE BUILDING FOOTPRINT IS APPROXIMATELY 5,888 SQUARE FEET.

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