NEW ISSUE | **RATING: Insured Rating: S&P: "AA"**
BOOK-ENTRY ONLY | **Underlying Rating: S&P: "A+"**

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "OTHER INFORMATION — Tax Matters" herein.

$77,425,000
Successor Agency to the Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds

Dated: Date of Delivery | **Due: November 1, as shown on inside cover**

The Successor Agency to the Westminster Redevelopment Agency (the "Agency" or "Successor Agency") Westminster Commercial Redevelopment Project No. 1 (the "Project Area"), 2016 Subordinate Tax Allocation Refunding Bonds (the "Series 2016 Bonds" or "Bonds") will be secured under an Indenture of Trust (the "Indenture"), dated as of August 1, 2016, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"). The payments due under the Indenture are secured primarily by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein and payable on a parity with certain other obligations described herein. See "SECURITY FOR THE BONDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year, commencing November 1, 2016. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to optional redemption prior to maturity and mandatory sinking fund redemption as described herein. See "THE BONDS — Redemption of the Bonds" herein.

The scheduled payment of principal of and interest on the Serial Bonds maturing on November 1 of the years 2026 through 2036, inclusive, the Term Bond maturing November 1, 2041 (CUSIP No. 96062CAW6) and the Term Bond maturing November 1, 2045 (CUSIP No. 96062CAY2), as indicated on the inside cover hereof (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
BUILD AMERICA MUTUAL

The Bonds are also secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by Build America Mutual Assurance Company.

The Bonds are a special obligation of the Agency payable solely from Tax Revenues, defined herein, and certain other amounts on deposit in the Successor Agency's Redevelopment Property Tax Trust Fund, and moneys held under the Indenture. None of the City of Westminster (the "City"), County of Orange (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the City, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation therefor. The Agency does not have any taxing power. **The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction**.

The Bonds and their claim on Tax Revenues are subordinate to the Agency's outstanding $30,140,000 initial aggregate principal amount of Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the "2008 Bonds" and also referenced herein as the "Senior Bonds"). The Agency is not permitted to issue additional debt secured by Tax Revenues on a basis senior to the Bonds, except for the purpose of refunding for savings the 2008 Bonds. See "SECURITY FOR THE BONDS – Issuance of Subordinate Bonds; No Additional Senior Debt".

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Bonds, see "BOND OWNERS' RISKS" herein.

MATURITY SCHEDULE
See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Best Best & Krieger, Riverside, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by the Jones & Mayer, Fullerton, California, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in definitive form on or about August 3, 2016.

STIFEL | **Citigroup**

Dated: July 14, 2016

$77,425,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2016 Subordinate Tax Allocation Refunding Bonds

MATURITY SCHEDULE

$35,075,000
Serial Bonds
(Base CUSIP†: 96062C)

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2017	$ 325,000	2.000%	0.690%	101.620	AA4
2018	330,000	3.000	0.810	104.860	AB2
2019	340,000	4.000	0.930	109.788	AC0
2020	355,000	4.000	1.030	112.302	AD8
2021	365,000	4.000	1.150	114.463	AE6
2022	380,000	4.000	1.330	115.946	AF3
2023	395,000	4.000	1.490	117.174	AG1
2024	415,000	4.000	1.630	118.212	AH9
2025	430,000	4.000	1.770	118.937	AJ5
2026	445,000††	4.000	1.810	120.392	AK2
2027	465,000††	5.000	1.950	128.195C	AL0
2028	2,850,000††	5.000	2.040	127.236C	AM8
2029	2,990,000††	5.000	2.090	126.707C	AN6
2030	3,140,000††	5.000	2.120	126.391C	AP1
2031	3,295,000††	4.000	2.440	114.062C	AQ9
2032	3,425,000††	4.000	2.500	113.479C	AR7
2033	3,560,000††	4.000	2.550	112.997C	AS5
2034	3,710,000††	4.000	2.610	112.421C	AT3
2035	3,855,000††	4.000	2.650	112.039C	AU0
2036	4,005,000††	4.000	2.690	111.658C	AV8

$7,565,000†† 3.000% Insured Term Bond due November 1, 2041, Yield 3.070%, Price: 98.773, CUSIP†: 96062CAW6
$14,575,000 3.000% Term Bond due November 1, 2041, Yield 3.140%, Price: 97.569, CUSIP†: 96062CAX4
$10,115,000†† 3.000% Insured Term Bond due November 1, 2045, Yield 3.100%, Price: 98.083, CUSIP†: 96062CAY2
$10,095,000 3.000% Term Bond due November 1, 2045, Yield 3.170%, Price: 96.771, CUSIP†: 96062CAZ9

†† Insured Bond.
C Priced to call November 1, 2026.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Successor Agency to the Westminster Redevelopment Agency and the Underwriters do not take any responsibility for the accuracy of the CUSIP® numbers.

SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY

CITY COUNCIL

Tri Ta, Mayor
Sergio Contreras, Mayor Pro Tem
Diana Lee Carey, Council Member
Tyler Diep, Council Member
Margie L. Rice, Council Member

SUCCESSOR AGENCY/CITY STAFF

Eddie Manfro, City Manager
Chester Simmons, Assistant City Manager
Jones & Mayer, City Attorney

SPECIAL SERVICES

Trustee
MUFG Union Bank, N.A.

Bond Counsel & Disclosure Counsel
Best Best & Krieger LLP
Riverside, California

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

Fiscal Consultant
RSG Inc.
Santa Ana, California

Verification Agent
Causey Demgen & Moore
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

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 words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Successor Agency.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and APPENDIX I – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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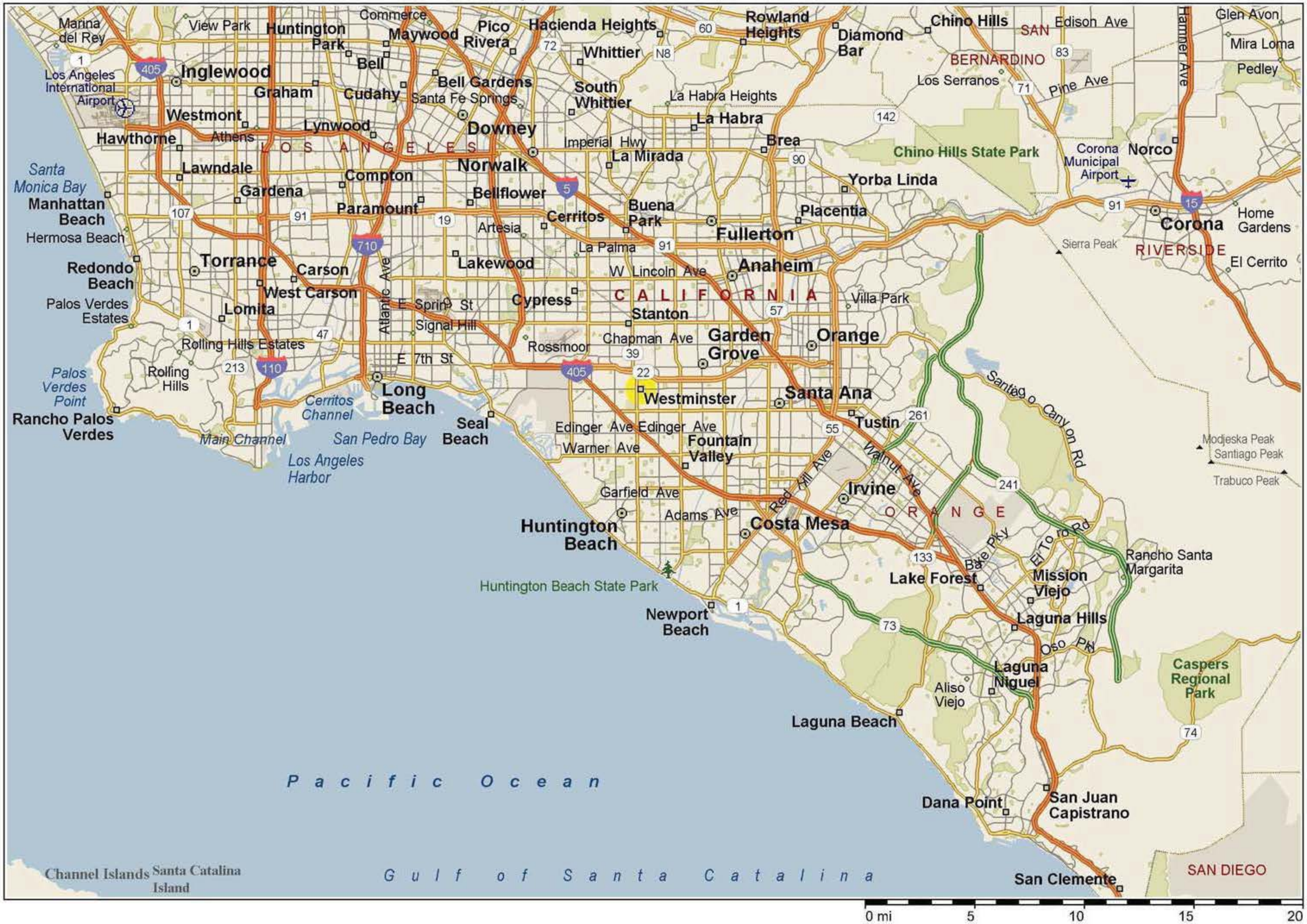
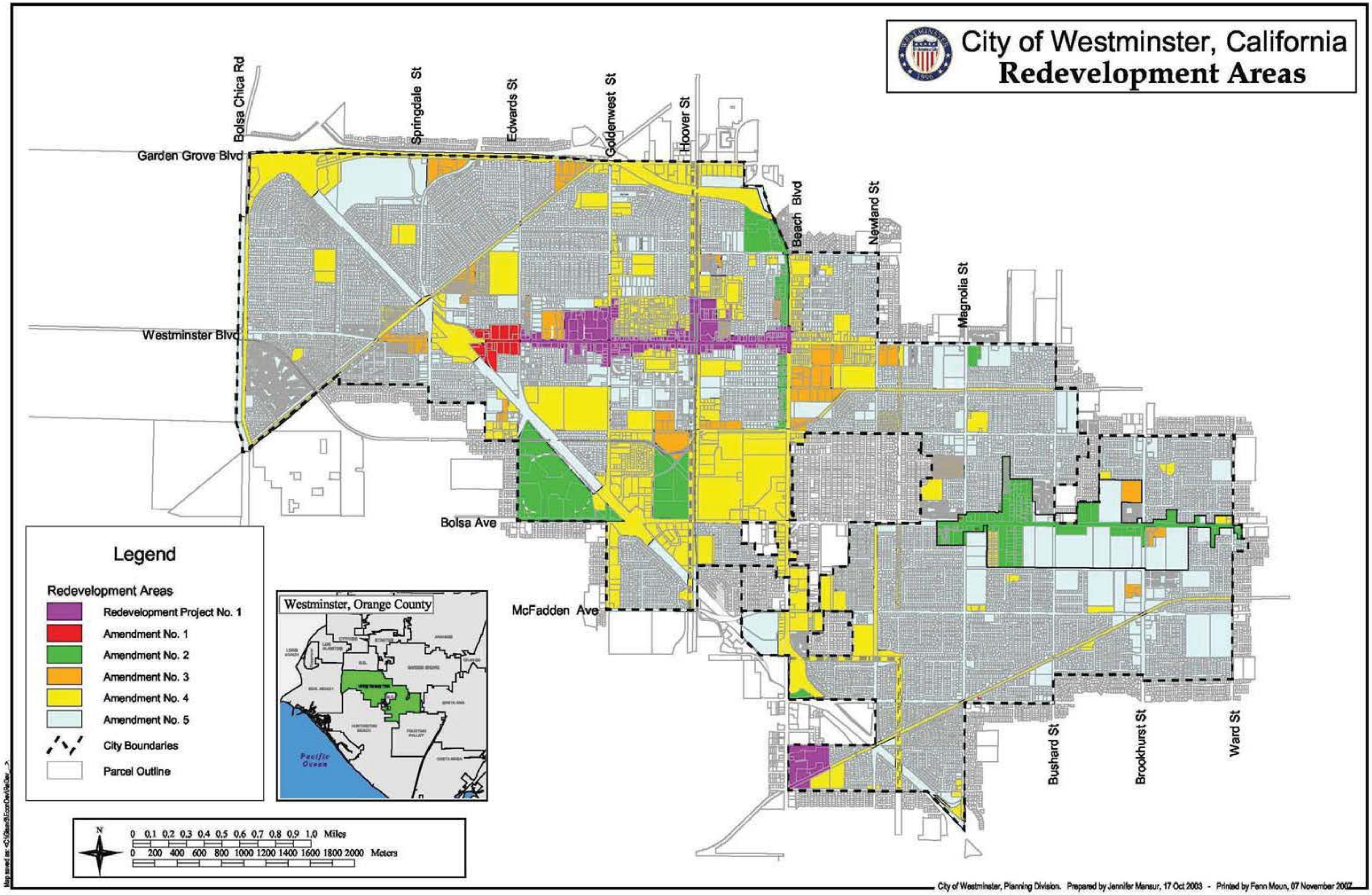
City of Westminster, California





City of Westminster, California
Redevelopment Areas
Bolsa Chica Rd
Springdale St
Edwards St
Goldenwest St
Hoover St
Beach Blvd
Newland St
Magnolia St
Garden Grove Blvd
Westminster Blvd
Bolsa Ave
McFadden Ave
Bushard St
Brookhurst St
Ward St
Legend
Redevelopment Areas
Redevelopment Project No. 1
Amendment No. 1
Amendment No. 2
Amendment No. 3
Amendment No. 4
Amendment No. 5
City Boundaries
Parcel Outline
Westminster, Orange County
Pacific Ocean
N
0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0 Miles
0 200 400 600 800 1000 1200 1400 1600 1800 2000 Meters
City of Westminster, Planning Division. Prepared by Jennifer Mansur, 17 Oct 2003 - Printed by Fenn Moun, 07 November 2007

$77,425,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2016 Subordinate Tax Allocation Refunding Bonds

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Westminster Redevelopment Agency (the "Agency" or the "Successor Agency") of its Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds in the aggregate principal amount of $77,425,000 (the "Series 2016 Bonds" or the "Bonds").

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency issued for the benefit of the Westminster Commercial Redevelopment Project No. 1 (the "Project Area") established by the Westminster Redevelopment Agency (the "Former Agency"), (ii) to satisfy the Reserve Requirement of the reserve account for the Bonds with either cash or a Reserve Policy (as hereinafter defined), and (iii) to pay costs of issuance of the Bonds, including the financial guaranty insurance premium for the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are being issued by the Successor Agency pursuant to the Community Redevelopment Law, consisting of Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), the provisions of Assembly Bill X1 26, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484 ("AB 1484"), and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107") (as so amended, the "Dissolution Act") and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the "Refunding Law").

The Successor Agency will issue its Bonds pursuant to an Indenture of Trust dated as of August 1, 2016 (the "Indenture"), by and between the Successor Agency and MUFG Union Bank, N.A. (the "Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to the Project Area which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as defined herein, excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Tax Revenues." The lien on Tax Revenues is subordinate to the Agency's outstanding 2008 Bonds, as defined herein. See "SECURITY FOR THE BONDS." The Bonds are also secured by certain other amounts on deposit in the Redevelopment Property Tax Trust Fund, as described herein under "SECURITY FOR THE BONDS – Funds and Accounts Established Under the Indenture."

Under the Dissolution Act, the issuance of the Series 2016 Bonds was subject to review and approval, of the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of California (the "State Department of Finance," or "DOF"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY."

The Oversight Board for the Successor Agency approved the issuance of the Series 2016 Bonds by the Successor Agency by resolution adopted on April 28, 2016 (the "Oversight Board Resolution"). The State Department of Finance released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on June 29, 2016. See APPENDIX H – "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The City and the Successor Agency

The City. The City of Westminster was incorporated in 1957. The City has a City Council/City Manager form of government with the City Council appointing a professional administrator. The City Council consists of five members. Four members are elected by popular vote to serve four-year terms on the City Council. Council elections are held in even numbered years. Since 1986, the Mayor is directly elected by the voters for a four-year term. The estimated population of the City was 93,383 as of July 1, 2015. For Certain information with respect to the City, see APPENDIX B – "GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER DEMOGRAPHIC INFORMATION."

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Former Agency. The Former Agency was organized by the City Council in 1982, to exercise the powers granted by the Redevelopment Law.

Pursuant to the Dissolution Act, redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "–The Project Area" below. See also "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Pursuant to the Dissolution Act, the City has elected to serve as the Successor Agency. However, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The Project Area

The Project Area consists of the Original Area and five separate amendment areas. Only Tax Revenues from Amendment No. 3, Amendment No. 4 and Amendment No. 5 (the "Pledged Areas") are pledged to the repayment of the Bonds. Additionally, the Bonds have a pledge of funds in the Redevelopment Property Tax Trust Fund as further described herein, which includes certain tax increment generated from the Original Area and Amended Areas 1 and 2. The Orange County Auditor-Controller reports that the Fiscal Year 2015-16 tax assessment roll for the Pledged Areas is $7,184,218,268, and shows incremental assessed valuation of $4,225,232,940 comprised of $294,461,822 over the Base Year for Amendment No. 3, $549,287,786 over the Base Year for Amendment No. 4 and $3,381,483,362 over the Base Year in Amendment No. 5. See "THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Projected Taxable Valuation and Tax Revenues" and "—Projected Tax Revenues and Estimated Debt Service Coverage" and APPENDIX A – "FISCAL CONSULTANT REPORT" herein. See also APPENDIX C hereto for a copy of the audited financial statements for Fiscal Year ending June 30, 2015.

Under the Dissolution Act, the Bonds are also secured by a pledge of, and payable from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Orange (the "County Auditor-Controller") with respect to the

Successor Agency (the "Redevelopment Property Tax Trust Fund"). DISCUSSIONS HEREIN REGARDING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE BONDS – Pledge of Tax Revenues."

Terms of the Bonds

The Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each May 1 and November 1, commencing on November 1, 2016.

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 for 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 payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY SYSTEM" attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the Bonds" herein.

Security for the Bonds

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

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the Bonds except from such Tax Revenues and such other amounts. The pledge of Tax Revenues to the Bonds is subordinate to the Agency's obligation to pay debt service on the 2008 Bonds (defined below). The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and none of the State, the County, the City, nor any of the State's other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Senior Obligations. 2008 Bonds. On June 10, 2008, the Agency issued its $30,140,000 initial aggregate principal amount Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the "2008 Bonds" or the "Senior Bonds") which are outstanding in the amount of $21,630,000. The 2008 Bonds are secured by tax increment revenues generated from the entire Project Area (being the Original Area and Amendments 1 through 5) that is senior to the claim on Tax Revenues of the Bonds. The Agency is not permitted to issue any additional debt secured by Tax Revenues on a basis senior to the Bonds, provided, however, that the Agency may issue bonds to refund the 2008 Bonds on a basis senior to the Bonds provided that there are savings in annual debt service and total debt service on such bonds.

Additional Debt. As more fully described under "SECURITY FOR THE BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the Bonds for the purpose of refunding all or a portion of the Bonds if certain conditions are met under the Indenture and the Dissolution Act. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Bonds, except as described above for the purpose of refunding the 2008 Bonds.

Subordinate Bonds. On June 16, 2011, the Agency issued its Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds, Series A, Subordinate Lien (Tax-Exempt), which are outstanding in the amount of $23,285,000 (the "2011 Bonds" or the "Subordinate Bonds").

Reserve Account. In order to further secure the payment of the principal of and interest on the Bonds and Parity Bonds, a Reserve Account is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the "Reserve Requirement"). Amounts on deposit in the Reserve Account will only be available to pay debt service on the Bonds and any future Parity Debt that the Successor Agency elects to secure with amounts on deposit in the Reserve Account, and will not be available to pay debt service on the 2008 Bonds or the 2011 Bonds. None of the reserve funds established for the 2008 Bonds or the 2011 Bonds are available to pay debt service on the Bonds.

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Serial Bonds maturing on November 1 of the years 2026 through 2036, inclusive, the Term Bond maturing November 1, 2041 (CUSIP No. 96062CAW6), and the Term Bond maturing November 1, 2045 (CUSIP No. 96062CAY2), as indicated on the inside cover hereof (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due. A form of the Policy is included as APPENDIX I to this Official Statement.

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account in the Special Fund is established by the Indenture. The Reserve Account will initially be funded by the purchase of a Municipal Bond Debt Service Reserve Fund Insurance Policy (the "Reserve Policy") issued by BAM in an amount equal to the Reserve Requirement as defined in the Indenture (the "Reserve Requirement"). The Reserve Policy secures all of the Bonds. The initial Reserve Requirement for the Bonds is the amount of $5,443,500. See "SECURITY FOR THE BONDS – Municipal Bond Debt Service Reserve Insurance Policy."

Professionals Involved in the Offering

The MUFG Union Bank, N.A., Los Angeles, California, will act as trustee with respect to the Bonds under the Indenture.

C.M. de Crinis & Co. Inc., Glendale, California, has acted as Municipal Advisor to the Agency in the structuring and presentation of the financing.

Rosenow Spevacek Group Inc., Santa Ana, California, has acted as Fiscal Consultant to the Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Area. See APPENDIX A – "FISCAL CONSULTANT REPORT" herein.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel, which is also acting as Disclosure Counsel. Stradling Yocca Carlson & Rauth, A Professional Corporation will be acting as counsel to Stifel, Nicolaus & Company, Incorporated, on behalf of itself and Citigroup Global Markets Inc. (collectively, the "Underwriter"). Jones & Mayer, Fullerton, California will pass on certain matters for the Agency as its general counsel. The fees and expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The Agency will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). See the caption "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Reference to Underlying Documents

Brief descriptions of the Bonds, the Indenture, the City, the Successor Agency, the Westminster Commercial Redevelopment Project No. 1 and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the 2009 Bonds as more fully described below, (ii) to satisfy the Reserve Requirement with either cash or the purchase of the Reserve Policy, and (iii) to pay costs of issuance of the Bonds, including, if applicable, the cost of the Policy premium for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Former Agency previously issued its $73,055,000 original principal amount of Westminster Commercial Redevelopment Project No. 1 2009 Subordinate Tax Allocation Bonds (the "2009 Bonds") currently outstanding in the aggregate principal amount of $73,055,000. The 2009 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 2009 (the "2009 Indenture").

On the date of issuance of the Bonds, a portion of the proceeds will be deposited into an escrow fund established for the 2009 Bonds, pursuant to the Escrow Deposit and Trust Agreement, dated as of July 1, 2016 (the "Escrow Agreement") by and between the Successor Agency and MUFG Union Bank, N.A., as trustee of the 2009 Bonds. The par amount of $73,055,000 will be redeemed on November 1, 2019 as a result of the issuance of the Bonds. The amount deposited in the escrow fund for the 2009 Bonds, together with other available moneys, are anticipated to be invested in certain federal securities and irrevocably pledged for the payment of principal and interest due on the 2009 Bonds through and including November 1, 2019 and to pay the redemption price on the date of redemption.

The sufficiency of the deposits in the redemption fund for the 2009 Bonds for those purposes will be verified by Causey Demgen & Moore (the "Verification Agent"), See "OTHER INFORMATION - Verification of Mathematical Computations." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the redemption fund for the 2009 Bonds, the Successor Agency's obligations under the 2009 Indenture related to the 2009 Bonds will be discharged.

The amounts held and invested by the Escrow Bank for the 2009 Bonds in the escrow fund are pledged solely to the payment of amounts due and payable by the Agency under the 2009 Indenture. Neither the funds deposited in the escrow fund for the 2009 Bonds or the interest on the invested funds will be available for the payment of debt service on the Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Bonds.

Sources:	
Par Amount of Bonds	$77,425,000.00
Net Original Issue Premium	4,874,283.50
2009 Bonds Funds	5,060,168.14
TOTAL SOURCES:	$87,359,451.64
Uses:	
Costs of Issuance[(1)]	$ 1,287,035.46
Deposit to Escrow Fund	86,072,416.18
TOTAL USES:	$87,359,451.64

(1) Includes Underwriter's Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, Policy premium, Reserve Policy premium, and other issuance costs of the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

Year Ending (November 1)	Principal	Interest	Total Debt Service
2016	-	$ 674,214.44	$ 674,214.44
2017	$ 325,000.00	2,758,150.00	3,083,150.00
2018	330,000.00	2,751,650.00	3,081,650.00
2019	340,000.00	2,741,750.00	3,081,750.00
2020	355,000.00	2,728,150.00	3,083,150.00
2021	365,000.00	2,713,950.00	3,078,950.00
2022	380,000.00	2,699,350.00	3,079,350.00
2023	395,000.00	2,684,150.00	3,079,150.00
2024	415,000.00	2,668,350.00	3,083,350.00
2025	430,000.00	2,651,750.00	3,081,750.00
2026	445,000.00	2,634,550.00	3,079,550.00
2027	465,000.00	2,616,750.00	3,081,750.00
2028	2,850,000.00	2,593,500.00	5,443,500.00
2029	2,990,000.00	2,451,000.00	5,441,000.00
2030	3,140,000.00	2,301,500.00	5,441,500.00
2031	3,295,000.00	2,144,500.00	5,439,500.00
2032	3,425,000.00	2,012,700.00	5,437,700.00
2033	3,560,000.00	1,875,700.00	5,435,700.00
2034	3,710,000.00	1,733,300.00	5,443,300.00
2035	3,855,000.00	1,584,900.00	5,439,900.00
2036	4,005,000.00	1,430,700.00	5,435,700.00
2037	4,170,000.00	1,270,500.00	5,440,500.00
2038	4,295,000.00	1,145,400.00	5,440,400.00
2039	4,425,000.00	1,016,550.00	5,441,550.00
2040	4,555,000.00	883,800.00	5,438,800.00
2041	4,695,000.00	747,150.00	5,442,150.00
2042	4,835,000.00	606,300.00	5,441,300.00
2043	4,980,000.00	461,250.00	5,441,250.00
2044	5,125,000.00	311,850.00	5,436,850.00
2045	5,270,000.00	158,100.00	5,428,100.00
Total	$ 77,425,000	$55,051,464.44	$132,476,464.44

THE BONDS

General

The Bonds will be dated as of the date of original delivery (the "Closing Date"), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons, in the denomination of $5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2016 (each an "Interest Payment Date"). Principal of and premium, if any, on the Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of the Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX E – "DTC AND THE BOOK-ENTRY SYSTEM."

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or before November 1, 2026, are not subject to optional redemption prior to maturity. The Bonds maturing on or after November 1, 2027 may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from any source of funds, on any date on or after November 1, 2026, among maturities at the discretion of the Successor Agency and by lot within a maturity. Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Insured Bonds maturing on November 1, 2041 and November 1, 2045 (the "Insured Term Bonds"), are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on November 1, in the respective years as set forth in the following table; provided, however, that in lieu of mandatory sinking fund redemption thereof such Bonds may be purchased by the Agency pursuant to the Indenture:

Insured Term Bonds Maturing November 1, 2041

Redemption Date (November 1)	Amount
2037	$1,425,000
2038	1,470,000
2039	1,510,000
2040	1,555,000
2041	1,605,000

Insured Term Bonds Maturing November 1, 2045

Redemption Date (November 1)	Amount
2042	$2,420,000
2043	2,495,000
2044	2,565,000
2045	2,635,000

The uninsured Bonds maturing on November 1, 2041 and November 1, 2045 (the "Uninsured Term Bonds," and together with Insured Term Bonds, the "Term Bonds"), are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on November 1, in the respective years as set forth in the following table; provided, however, that in lieu of mandatory sinking fund redemption thereof such Bonds may be purchased by the Agency pursuant to the Indenture:

Uninsured Term Bonds Maturing November 1, 2041

Redemption Date (November 1)	Amount
2037	$2,745,000
2038	2,825,000
2039	2,915,000
2040	3,000,000
2041	3,090,000

Uninsured Term Bonds Maturing November 1, 2045

Redemption Date (November 1)	Amount
2042	$2,415,000
2043	2,485,000
2044	2,560,000
2045	2,635,000

In the event that the Term Bonds have been optionally redeemed in part, the total amount of all future sinking account payments set forth for the above Term Bonds will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among each sinking account payment for the Term Bonds on a pro rata basis in integral multiples of $5,000 as determined by the Successor Agency. In lieu of redemption of Term Bonds as described above, amounts on deposit in the Redevelopment Obligation Retirement Fund (to the extent not required to be transferred by the Trustee pursuant to the Indenture during the current Bond Year as described below) may also be used and withdrawn at the direction of the Successor Agency at any time for the purchase of such Term Bonds at public or private sale as and when and at such prices as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve month period ending on September 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to the Indenture on the next succeeding November 1.

Notice of Redemption; Rescission

Notice of redemption shall be given by the Trustee for and on behalf of the Successor Agency, not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the

Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however*, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

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

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture, other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to such Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS

Special Obligations

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from Tax Revenues, and funds on deposit in certain funds and accounts established under the Indenture, and the Successor Agency is not obligated to pay such principal and interest except from such Tax Revenues. The pledge of Tax revenues is subject to the lien and prior pledge of Tax Revenues to the 2008 Bonds, as set forth in the Indenture. The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (other than the Successor Agency, to the limited extent described in the Official Statement), and none of the State, the County, the City nor any of the State's other political subdivisions are liable therefor (other than the Successor Agency, to the limited extent described in the Official Statement), nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency pledged therefor as provided in the Indenture.

Tax Increment Financing Generally

Prior to the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax increment revenues to finance their activities.

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, city and county, district or other public corporation (the "Taxing Agencies") when collected are divided as follows:

(i) An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (ii) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on and after January 1, 1989" reference from paragraph (i) above. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. See "LIMITATIONS ON TAX REVENUES – Proposition 87" for further information regarding voter approved debt service overrides.

Pledge of Tax Revenues

Under the Indenture, the Tax Revenues (as defined below) and certain other amounts pledged thereunder allocated and paid to the Agency are pledged to the payment of debt service on the Bonds and Parity Debt (subject to the lien of the tax-sharing agreements), together with moneys on deposit in the funds and accounts. See Tables 11 and 12 herein showing the projected Tax Revenues, and debt service coverage on the Bonds.

"Tax Revenues" means that portion of taxes annually allocated to the Agency with respect to the Redevelopment Project (excluding therefrom the Original Area, Amendment No. 1 and Amendment No. 2 for purposes of this definition, unless some or all of said areas are added to the definition hereof by subsequent action of the Agency pursuant to a Supplemental Indenture following amendment of the Redevelopment Plan or other action permitted under the Law to add some or all of said areas) following the Closing Date pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (a) all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate and (b) amounts that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law to the extent permitted to be applied to the payment of principal, interest and premium with respect to the Bonds; but excluding all amounts of such taxes (i) required to be paid to entities other than the Agency pursuant to pass-through agreements or similar tax-sharing arrangements entered into pursuant to Section 33401 or imposed by Section 33607.5 of the Law which are not by their terms or otherwise subordinate to the payment of principal, interest and premium on the Bonds, and (ii) required to pay debt service on the 2008 Bonds. Additionally, Tax Revenues shall include funds deposited in the Redevelopment Property Tax Trust Fund pursuant to Section 34177.5(g) of the California Health and Safety Code to the extent that such moneys are available after such amounts have been set aside and reserved for the payment of debt service or other obligations that have a prior claim to the payment of the Bonds.

The Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Redevelopment Obligation Retirement Fund, as more fully described below under the caption "*Funds and Accounts Established Under the Indenture - Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues*." In addition, the Bonds and all Parity Debt, shall, subject to certain provisions of the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Bonds shall be equally secured by the pledge and lien created with respect to the bonds of other Amendment Areas by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency that are senior to the payment of debt service in the Series 2016 Bonds, and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds. For the avoidance of doubt, the Series 2016 Bonds are secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund to the extent set forth in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency, unless otherwise specified in connection with the issuance of such refunding bonds. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1" herein.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor 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 and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Tax Sharing Agreements and Statutory Tax Sharing. The Agency has entered into tax-sharing agreements with taxing entities and school districts with respect to the portions of the Project Area that were adopted prior to 1994 (the "Pass Through Agreements"). See APPENDIX A – "FISCAL CONSULTANT REPORT – Taxing Agency Payments" and "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Pass-Through Agreements." In addition, certain sub-areas of the Project Area are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory or changing the limitation on the date by which an agency could incur indebtedness pursuant to a statutory formula ("Statutory Tax Sharing"). Under Section 34177.5(c) of the Dissolution Act, the Agency may subordinate the statutory passthrough payments to the repayment of indebtedness. The Agency has not subordinated the statutory passthrough payments to the repayment of Bonds. See APPENDIX A – "FISCAL CONSULTANT REPORT – Taxing Agency Payments" for a description of the Agency's obligation to make statutory tax sharing payments and "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Statutory Tax Sharing Payments."

Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund") not less than 20% of all tax revenues allocated to agencies from redevelopment project areas adopted after December 31, 1976, for authorized housing purposes. This 20% set-aside requirement was eliminated by the Dissolution Act. The Former Agency does not currently have any obligations secured by the Low and Moderate Income Housing Fund. Excess amounts that would otherwise have remained in the Low and Moderate Income Housing Fund are available as Tax Revenues.

Assembly Bill 1290

Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290") was adopted by the California Legislature and became law on January 1, 1994. The enactment of AB 1290 created several significant changes in the Redevelopment Law, including time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are repayable from tax increment revenues. See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1" for a discussion of the time limitations.

AB 1290 also established a statutory formula for sharing tax increment for project areas established, or amended in certain respects, on or after January 1, 1994, which applies to tax increment revenues net of the housing set-aside. The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid. Under the Redevelopment Law, the County is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The County may not, however, receive any share of the tier 2 and tier 3 payments. The County has elected to receive its share of all tier 1 payment amounts. See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Pass-Through Agreements," and "–Statutory Tax Sharing Payments."

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to AB 1290. However, the provisions of Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Dissolution Act set forth a process pursuant to which such pass-through payments may be subordinated to debt service on newly-issued bonds or loans, including the Bonds. The Successor Agency has not taken action to subordinate the pass-through payments of the Bonds per the provisions of Section 34177.5(c).

See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Pass-Through Agreements," and "–Statutory Tax Sharing Payments," for a discussion of existing pass-through obligations of the Successor Agency.

Redevelopment Property Tax Trust Fund

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

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of ABX1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act (the "Redevelopment Property Tax Trust Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the Bonds from Tax Revenues. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Area, to the extent they constitute tax increment revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "–Recognized Obligation Payment Schedule" below.

Recognized Obligation Payment Schedule

The Dissolution Act requires that successor agencies annually prepare and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or "ROPS") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Submission of ROPS Schedule. Pursuant to SB 107, commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule, and does not have current plans to submit a Last and Final Recognized Obligation Payment Schedule

As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under an indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the ROPS and held by the Successor Agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period as provided in the Dissolution Act.

Successor Agency Covenants to Comply with ROPS. In the Indenture, the Successor Agency has covenanted to comply with the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds and any Parity Debt, all amounts required to be deposited into the Redevelopment Obligation Retirement Fund pursuant to the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and amounts required to reimburse the Insurer, in the ROPS so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 all amounts required to be deposited in the Redevelopment Obligation Retirement Fund and in the Parity Debt Special Funds (pursuant to the Indenture) which amounts will be used to pay debt service on the Bonds, the Parity Bonds and to pay any reimbursement to the Insurer. These actions will include, without limitation, placing on the ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency in the Redevelopment Obligation Retirement Fund, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture. The Successor Agency has also covenanted in the Indenture to calculate the amount of Tax Revenues received, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Redevelopment Agency Retirement Fund and Debt Service Fund, as required by the Indenture.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's ROPS.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate could reduce the amount of tax increment revenues that would otherwise be available to pay debt service on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

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

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance (as defined in the Dissolution Act). If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for the administrative costs allowance in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for contractual or statutory tax sharing amounts, but only to the extent such payments are subordinate to the payment of debt service on enforceable obligations, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Successor Agency has not subordinated any statutory pass through amounts to the payment of debt service on the Bonds and Parity Bonds. Additionally, payments with respect to contractual pass through agreements are senior to the payment of debt service on the Bonds and Parity Bonds.

The Successor Agency believes but cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues and the statutory tax sharing amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See "Recognized Obligation Payment Schedule." See also "ESTIMATED REVENUES AND BOND RETIREMENT" for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available to pay the principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

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

Funds and Accounts Established Under Indenture

The Indenture establishes the following funds and accounts:

1. The Redevelopment Obligation Retirement Fund (the "Redevelopment Obligation Retirement Fund");

2. The Debt Service Fund ("Debt Service Fund") and within such fund the following accounts:

   (a) The Interest Account;

   (b) The Principal Account;

   (c) The Sinking Account;

   (d) The Reserve Account; and

   (e) The Redemption Account.

3. The Costs of Issuance Fund (the "Costs of Issuance Fund").

A more detailed description of the Funds and Accounts is as follows:

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. The Successor Agency has established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. The Indenture establishes a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee under the Indenture. The Successor Agency shall deposit all of the funds received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on any outstanding Senior Bonds, the Series 2016 Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and within five (5) days of receipt shall transfer amounts therein to the Trustee in the following priority: (1) for deposit in the debt service fund established under the Senior Bonds Indenture and for any payment of amounts required thereunder for debt service by such Bond Year, (2) for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture, and (3) for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture. The Successor Agency may take into account any funds on deposit with the Trustee for the payment of the Bonds in the Recognized Obligation Payment Schedule period covered by the deposit.

In the event that the amount of Tax Revenues (available after payment of debt service on the Senior Bonds) is not sufficient to pay the Series 2016 Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Series 2016 Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Debt Service Fund; Transfer of Amounts to Trustee. The Indenture establishes a special trust fund to be known as the "Debt Service Fund," which shall be held by the Trustee. Moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor Agency to the Trustee and transferred by the Trustee in the following amounts, at the following times, and into the following respective special accounts within the Debt Service Fund, which accounts are established under the Indenture, or continued, as applicable, with the Trustee to pay debt service on the Series 2016 Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each date on which interest on the Series 2016 Bonds becomes due and payable, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Series 2016 Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Series 2016 Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2016 Bonds as it shall become due and payable (including accrued interest on any Series 2016 Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding each date on which principal of the Series 2016 Bonds and any such Parity Debt becomes due and payable at maturity, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Series 2016 Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2016 Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fifth (5th) Business Day preceding each November 1 on which any Outstanding 2016 Series Term Bonds become subject to mandatory redemption, or otherwise for purchases of 2016 Series Term Bonds, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the 2016 Series Term Bonds required to be redeemed on such November 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the 2016 Series Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2016 Series Subaccount of the Reserve Account, which is established by the Indenture and which is to be held by the Trustee, shall be available to pay debt service only on the Series 2016 Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2016 Series Subaccount of the Reserve Account. In the event that the Successor Agency elects not to secure additional Parity Debt with the Series 2016 Bonds Subaccount of the Reserve Account, the Successor Agency shall establish subaccounts within the Reserve Account as needed. See, APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Reserve Account."

(e) Redemption Account. On or before the Business Day preceding any date on which Series 2016 Bonds are subject to redemption, other than mandatory Sinking Account redemption of 2016 Series Term Bonds, the Successor Agency shall transfer to the Redemption Account the amounts required to pay the principal of and premium, if any, on the Series 2016 Bonds to be so redeemed on such redemption date to the Trustee. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2016 Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of 2016 Series Term Bonds. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 2016 Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of Series 2016 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on Series 2016 Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

Reserve Requirement. The "Reserve Requirement" is defined in the Indenture to mean, with respect to the Series 2016 Bonds, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Series 2016 Bonds or Parity Debt, (ii) Maximum Annual Debt Service with respect to the Series 2016 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2016 Bonds; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

If the Agency at any time in the future has cash on deposit in a Reserve Account, the Agency has the right at any time to request the release of funds by the Trustee from such Reserve Account, in whole or in part, by tendering the following to the Trustee a Qualified Reserve Account Credit Instrument, which meets the conditions of the Indenture.

"Qualified Reserve Account Credit Instrument" means (i) the Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or Reserve Policy issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (b) such letter of credit or Reserve Policy has a term of at least twelve (12) months; (c) such letter of credit or Reserve Policy has a stated amount at least equal to the portion of the Reserve Requirement with respect to the funds which are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or Reserve Policy to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Insurer before the effective date of any such Qualified Reserve Account Credit Instrument.

With respect to the reserve requirements attributable to debt of the Successor Agency, the Agency has previously deposited with the Trustee Qualified Reserve Account Credit Instruments or cash, as follows:

TABLE 1
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1

Outstanding Debt	Credit Instrument	Stated Amount	Provider
2008 Bonds	Reserve Policy	$2,365,756	Assured Guaranty

The Qualified Reserve Account Credit Instrument and Cash Deposits identified on Table 1 above deposited with respect to debt of the Successor Agency are not available to pay the Bonds. Likewise, the 2016 Series Reserve Account is not available to pay debt service on other debt of the Successor Agency. However, as discussed above, funds in the 2016 Series Reserve Account may secure any Parity Debt hereafter issued by the Successor Agency which the Successor Agency elects to be secured by the 2016 Series Subaccount.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the provider of the Qualified Reserve Account Credit Instrument shown in Table 1 above. Deterioration in the financial condition of a provider of the Qualified Reserve Account Credit Instrument or a failure to honor a draw by a provider under its Qualified Reserve Account Credit Instrument could occur. The Successor Agency is not required under the Indenture to replace a Qualified Reserve Account Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Successor Agency currently has no plans to replace such Qualified Reserve Account Credit Instrument with any other instrument or cash.

Municipal Bond Debt Service Reserve Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Reserve Policy. The Reserve Policy is being issued in the amount of the Reserve Requirement as defined in this Official Statement.

The Reserve Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BAM is also issuing the Policy for the Insured Bonds. Information regarding BAM is discussed herein under "BOND INSURANCE POLICY."

If circumstances should ever cause a Qualified Reserve Account Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the portion of Reserve Requirement previously satisfied by such Qualified Reserve Account Credit Instrument. Under the Indenture, in the event that the amount on deposit in a Reserve Account is less than the Reserve Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Account Requirement. Should the amount of Tax Revenues then available to maintain the Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Tax Revenues to the Trustee would continue. No assurance can be given that there would ever be available Tax Revenues sufficient for such purpose.

Additional Bonds

Issuance of Parity Debt. The Series 2016 Bonds are issued on a subordinate basis to the 2008 Bonds. The Successor Agency has covenanted in the Indenture not to issue any additional obligations that are senior to the Series 2016 Bonds except as described below to refund the 2008 Bonds. In addition to the Series 2016 Bonds, the Agency may, by a Supplemental Indenture, issue Parity Bonds payable from Tax Revenues as and to the extent provided in this Indenture and secured by the pledge made under this Indenture equally and ratably with the Bonds previously issued. The Agency may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Parity Bonds, in such principal amount as shall be determined by the Agency, but only for purposes of refunding the Bonds resulting in a debt service savings and upon compliance by the Agency with the provisions of the Indenture and any additional requirements set forth in the Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) No Event of Default shall have occurred and then be continuing;

(b) The Supplemental Indenture authorizing the issuance of Parity Bonds shall provide that (i) interest on such Parity Bonds shall be calculated at a fixed interest rate if the Agency determines in such Supplemental Indenture that it is to be paid on a current basis, shall be payable on May 1 and November 1 in each year of the term of such Parity Bonds except the first twelve-month period during which interest may be payable on any May 1 or November 1, and (ii) the principal of such Parity Bonds shall be payable on November 1 in any year, as determined by the Agency, in which principal is payable;

(c) Money or a Qualified Reserve Account Credit Instrument be deposited in a subaccount in the Reserve Account for such Parity Bonds (or a reserve fund letter of credit, bank insurance policy or other comparable credit facility provided) in an amount equal to the Reserve Requirement for such Parity Bonds, if required; and

(d) The Agency shall deliver to the Trustee a certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in the Indenture have been satisfied and that the deposit into the Reserve Account as set forth above has been made.

Issuance of Subordinate Debt; Senior Debt for Refunding Only. Except for the 2008 Bonds and bonds issued to refund the 2008 Bonds which result in a decrease in annual debt service and total debt service, the Agency shall not issue any bonds, notes or other evidence of indebtedness secured by a pledge of Tax Revenues senior to the pledge created under this Indenture. Nothing in the Indenture shall be intended or construed in any way to prohibit or impose any limitations on the issuance by the Agency of bonds, notes, or other obligations or evidences of indebtedness payable from Tax Revenues on a subordinate basis to the pledge of Tax Revenues to the repayment of the Series 2016 Bonds and any Parity Bonds ("Subordinate Debt"), provided that, (i) following an Event of Default under this Indenture, no Subordinate Debt shall be paid prior to the Series 2016 Bonds or any other Parity Bonds in any fiscal year of the Agency, and (ii) the provisions of the Indenture relating to the 2011 Bonds, or any other Subordinate Debt, have been complied with.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE POLICY”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY

The Agency

The Former Agency was established pursuant to the Redevelopment Law and was activated by the City Council of the City ("City Council") on September 28, 1982, by Ordinance No. 1954, at which time the City Council declared itself to be the governing board (the "Board of Directors") of the Former Agency. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City. The Former Agency was a separate public body and exercised governmental functions in planning and carrying out redevelopment projects. Subject to requirements and certain limitations in the Redevelopment Law, the Former Agency was charged to build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Area.

AB 1X 26. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agency.

The City Council accepted designation as the Successor Agency pursuant to Section 34171(j) of the Dissolution Act. On June 27, 2012, AB 1X 26 was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation. The Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The present members of the City Council and their terms of office are shown below:

Member	Term Expires
Tri Ta	November 2016
Sergio Contreras	November 2016
Diana Lee Carey	November 2016
Tyler Diep	November 2018
Margie L. Rice	November 2018

As discussed below, many actions of the Successor Agency are subject to approval by an "oversight board" and the review or approval by the California Department of Finance, including the issuance of bonds such as the Series 2016 Bonds.

Oversight Board

The Oversight Board has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenue. The Oversight Board will oversee the "winding down" process of the Westminster Redevelopment Agency and meets on an as-needed basis throughout the year. For example, the establishment of each ROPS must be first approved by the Oversight Board. The issuance of bonds, such as the Series 2016 Bonds, is subject to the approval of the Oversight Board. All actions of the Oversight Board are subject to review by the DOF. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

The Dissolution Act provides that, starting July 1, 2018, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County. The Board will be comprised of seven members to be appointed to represent the different categories of taxing entities, the public and employees of successor agencies.

Department of Finance Finding of Completion

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a "DDR"): one for the Low and Moderate Income Housing Fund (the "Housing Fund") and the other for all of the other funds and accounts (the "Other Funds"). The purpose of the DDRs was to determine the unobligated balance (the "Unobligated Balance"), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to the taxing agencies. Pursuant to the general procedure for determining the Unobligated Balance set forth in the Dissolution Act, legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed on an approved ROPS were excluded from the Unobligated Balance.

With respect to each DDR, the Successor Agency was required to submit such DDR, after review and approval by the Oversight Board, to the DOF. The DOF issued its final determination regarding the Successor Agency's DDR for the Housing Fund on December 14, 2012, having determined that the Successor Agency's Housing Fund Unobligated Balance available for distribution to the taxing agencies was $15,990,779. The DOF issued its final determination regarding the DDR for the Other Funds on May 3, 2013, having determined that there was no Non-Housing Funds Unobligated Balance available for distribution to the taxing agencies. The Successor Agency has remitted such sums to the County Auditor-Controller.

Because the Successor Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on June 20, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan relating to the disposition of Agency-owned real properties. The Successor Agency has submitted its Long Range Property Management Plan to DOF. Currently, the Successor Agency and the Department of Finance are engaged in litigation regarding the ability of the Successor Agency to spend proceeds of the 2011 Subordinate Bonds. The Successor Agency does not believe that this litigation will impair or impact the Successor Agency's ability to pay debt service on the Bonds.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller to conduct a review of the activities of each former redevelopment agency and determine if such redevelopment agency transferred assets to a city, county or other local agency after January 1, 2011. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the State Controller must order the available assets to be returned to the relevant successor agency. The State Controller's Office completed the asset transfer audit of the Successor Agency with no findings.

THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1

Although all of the components of the Project Area are described below, only tax increment revenues from the Pledged Areas (being Amendment Areas Nos. 3, 4 & 5) are included in the definition of Tax Revenues. Additionally, the Series 2016 Bonds have a pledge of money available in the RPTTF after money has been set aside for pass-throughs and bonds issued by the Agency or Former Agency with a lien senior to payment of the Series 2016 Bonds (which may include the Original Area and Amendment Areas Nos. 1 and 2).

Project Area

Under the Redevelopment Law, a city or county that activates its redevelopment agency is required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency may only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word.

The Westminster Commercial Redevelopment Project No. 1 was established on July 19, 1983 and originally consisted of 180 acres of land (the "Original Project Area"). The Original Project Area contained two noncontiguous areas. The larger area (150 acres) is located along Westminster Boulevard and is bounded on the west by Edwards Boulevard and on the east by Beach Boulevard. The second smaller area is located on the east side of Beach Boulevard at the intersection of Heil Street. This smaller area contains 30 acres. The Original Project Area is comprised of commercial (retail and office), public and light industrial uses.

On April 22, 1986, the Redevelopment Plan for the Project Area was amended to include an additional 30 acres of land parallel to Westminster Boulevard between the San Diego Freeway (I-405) and Edwards Street ("Amendment No. 1"). Amendment No. 1 is a continuation of the strip of commercial development that characterizes the Original Project Area.

Amendment No. 2 to the Redevelopment Plan was adopted on June 23, 1987, adding approximately 465 acres to the Project Area ("Amendment No. 2"). Amendment No. 2 is predominantly urbanized with commercial and light-industrial land uses, including some residential.

Amendment No. 3 to the Redevelopment Plan was adopted on July 11, 1989, adding approximately 213 acres to the Project Area ("Amendment No. 3"). Amendment No. 3 consists of a mixture of commercial, light industrial and residential land uses.

On July 18, 1991, the Agency adopted Amendment No. 4 to the Redevelopment Plan to include an additional 1,188 acres of land consisting of 56 sub-areas dispersed throughout the City ("Amendment No. 4"). Amendment No. 4 is composed primarily of commercial, light industrial, residential and public land uses, along with parcels that are undeveloped and/or underutilized and public and private rights-of-way.

On July 12, 2000, the Agency adopted Amendment No. 5, which added approximately 4,526 acres to the Project Area ("Amendment No. 5"). Amendment No. 5 primarily consists of the remaining portion of the City of Westminster not previously included within the Project Area. Amendment No. 5 consists primarily of residential land uses with some commercial and light industrial land uses. Amendment No. 5 contained a provision limiting the Agency's ability to issue debt secured from tax increment generated from Amendment No. 5 with a maturity of longer than three years. On September 24, 2008, the City Council adopted an amendment to Amendment No. 5 allowing the Agency to incur long-term debt secured by tax increment from Amendment No. 5 for the construction of a new police station/headquarters and an associated parking structure. The 2009 Bonds were issued to finance the police station.

The Project Area, including all of the amendments, currently encompasses the entire City of Westminster.

Redevelopment Plan Limitations

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

Amendment No. 5 added to the Project Area after January 1, 1994 is subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. The Redevelopment Plan was subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years on to the effectiveness of the Redevelopment Plan and on to the period for collection of tax increment revenues and the repayment of debt. The City Council adopted Ordinance No. 2413 on June 13, 2007 extending the Original and all Amendment Areas of the Redevelopment Project by one year.

SB 1096. Senate Bill 1096 ("SB 1096") further amended Section 33333.6(e) to provide that the City Council may adopt an ordinance to extend the limits required by AB 1290 by an additional year for each year that a payment is made to ERAF by a redevelopment agency. However, SB 1096 includes criteria that must be met for redevelopment plans that have a remaining plan life between 10 and 20 years. On June 13, 2007, the City adopted Ordinance No. 2414 to allow for such additional year extension for the Original and Amendment Area No. 1 of the Project Area.

SB 107 clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Bonds.

Largest Taxpayers in the Project Area

The following table shows the ten largest taxpayers in the pledged area of the Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. For a brief description of the three largest property tax payers in the Project Area, as well as the locations by Sub-Area, see APPENDIX A – "FISCAL CONSULTANT REPORT – Top Ten Taxpayers Analysis."

The following table shows the ten largest property owners within the Project Area.

TABLE 2
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Pledged Areas
Ten Largest Property Taxpayers by Assessed Value
(Fiscal Year 2015/16)

Property Owner	No. of Parcels	Sub Area	Primary Land Use	2015-16 Total Assessed Value	% of Total
1. Land Partners Co[(1)]	1	5	Commercial	$ 60,849,281	0.87%
2. WRW Prop LLC	5	5	Commercial & Multi-Family	53,069,557	0.76
3. THW Properties LLC[(1)]	1	5	Multi-Family	33,557,342	0.48
4. CP II Park Lane LLC	41	5	Multi-Family	29,329,079	0.42
5. Howard, Gretchen Ann TR	8	4 & 5	Industrial & Commercial	28,932,868	0.41
6. CLPF-7400 Hazard LLC	1	3	Industrial	27,357,104	0.39
7. Mission Del Amo Mobile	1	5	Commercial	21,674,575	0.31
8. CRP / CDG Westminster	88	3	Single Family Residential	20,803,610	0.30
9. Avalon Center at Garden	4	4	Commercial	20,219,826	0.29
10. WRI West Gate South	9	3	Commercial	19,886,832	0.28
			Total	$ 315,677,074	4.52
			Total Sub Areas Assessed Value	$6,980,091,286[(2)]	

(1) Has outstanding appeal of assessed value.
(2) 2015-16 secured value taken from Orange County Assessor's Roll differs from 2015-16 secured value in Table 5 due to timing of the reports provided by the Orange County Assessor's Office.
Source: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller.

Pass-Through Agreements

Under redevelopment law existing at the time of a redevelopment agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or pass-through, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

Pass-Through Agreements. In connection with the adoption and implementation of Amendment No. 1, Amendment No. 2, Amendment No. 3 and Amendment No. 4 to the Project Area, the Agency entered into various reimbursement agreements. Under these reimbursement agreements, the Agency has agreed to share tax increment derived from the Project Area with affected taxing entities within the County. The following is a description of the various pass through agreements and arrangements with the various taxing agencies within the Pledged Areas.

Amendment No. 1. The Agency entered into an agreement with the Orange County Water District that states the District shall receive 100% of its share (0.75% of tax increment revenues generated by the Amendment No. 1 sub area.

Amendment No. 2, Amendment No. 3 and Amendment No. 4. The Agency has entered into eleven tax increment sharing agreements relative to Amendment No. 2, Amendment No. 3 and Amendment No. 4 to the original project area as follows:

County of Orange. The first agreement is with the County of Orange (including the Orange County General Fund, Orange County Public Library, the Orange County Harbors, Beaches and Parks District) and the Orange County Flood Control District. The Agreement states that the Orange County Flood District and the

Orange County Public Library shall receive each year 100% of their respective portions (1.75% and 1.48%) of tax increment revenue generated by the Amendment No. 2, Amendment No. 3 and Amendment No. 4 sub areas.

Additionally, the Agreement states that the County of Orange and the Orange County Parks District shall receive their respective share (5.47% and 1.36%) of tax increment revenues attributable to Amendment No. 2, Amendment No. 3 and Amendment No. 4, according to the following schedule:

> The County of Orange and the Orange County Harbors, Beaches and Parks District shall receive 70% of their share of tax increment revenues if the Agency has not yet received its "Cap" of $8,000,000 in tax revenue attributable to the County of Orange, then for the period commencing July 1, 2011 and continuing until such times as the "Cap" is reached by the Agency with the Agency retaining 30% of such revenues. Upon reaching the "cap," the County of Orange and the Orange County Harbors, Beaches and Parks District shall annually receive 100% of their respective share of tax increment revenues.

<u>Orange County Water District</u>. The second agreement is with the Orange County Water District and states that the district shall receive 100% of its share (.75%) of tax increment revenues generated by the Amendment No. 2, Amendment No. 3 and Amendment No. 4 sub areas.

<u>Orange County Sanitation District No. 3</u>. The third agreement is with the Orange County Sanitation District No. 3, and states that the district shall receive 100% of the district's share (3.17%) of tax increment revenues attributed to Amendment No. 4.

<u>Orange County Superintendent of Schools</u>. The fourth agreement is with the Orange County Superintendent of Schools, and states that the Superintendent shall receive (i) 100% of its share (1.31%) of tax increment revenue generated by the annual inflation adjustment of real property assessed valuation plus (ii) 20% of the Superintendent's share of tax increment revenues generated by the Amendment No. 4 sub area in excess of the inflation growth.

<u>Orange County Vector Control District</u>. The fifth agreement is with the Orange County Vector Control District, and states that the District shall receive 100% of its share (.10%) of tax increment revenue generated by the Amendment No. 3 sub area and 80% of its share of tax increment generated by Amendment No. 4 sub area.

<u>Coast Community College District</u>. The sixth agreement is with the Coast Community College District, and states that the District shall receive (i) 100% of its share (8.55%) of tax increment revenue generated by an annual inflation adjustment in assessed valuation within the Amendment No. 3 and Amendment No. 4 sub areas, and (ii) 25% of its share of the tax increment revenue generated by annual assessed valuation growth from the Amendment No. 3 and Amendment No. 4 sub areas in excess of inflation adjustment. Pass throughs in excess of inflation in Amendment No. 4 sub area are net of housing set-aside.

<u>Westminster School District</u>. The seventh agreement is with the Westminster School District, and states that the District shall receive (i) 100% of its share (16.25%) of tax increment revenue generated by an annual inflation adjustment in assessed valuation within the Amendment No. 3 and Amendment No. 4 sub areas, and (ii) 15% of its share of the tax increment revenue generated by annual valuation growth from the Amendment No. 3 and Amendment No. 4 sub areas in excess of inflation adjustment less (as to item (ii)) the amount that the Agency is required to set aside for low and moderate income housing purposes.

<u>Huntington Beach Union High School District</u>. The eighth agreement is with the Huntington Beach Union High School District and states that the Agency shall deposit 100% of the district's share (15.20%) of tax increment revenue generated by an annual inflation adjustment in assessed valuation within the Amendment No. 3 and Amendment No. 4 sub areas into a special fund created by the Agency for the purposes of the agreement. The agreement further states that the Agency shall deposit into the special fund an amount equal to 30% of the district's share of tax increment revenue generated within the Amendment No. 4 sub area in excess of the inflation adjustment. In addition, the district shall receive 100% of the tax increment attributable to increases in the tax rate imposed for the benefit of the district.

Midway City Sanitary District. The ninth agreement is with the Midway City Sanitary District, and states that the district shall receive 100% of its share (3.92%) of tax increment revenue generated by an annual inflation adjustment in assessed valuation within the Amendment No. 3 and Amendment No. 4 sub areas, and will share tax increment revenue generated by annual assessed valuation growth from the Amendment No. 3 and Amendment No. 4 sub areas in excess of inflation adjustment according to the following schedule:

For the period fiscal year 2009-10 and continuing with the expiration of Amendment No. 3, the district shall receive 100% of its share of the increment revenue from Amendment No. 3.

For the period fiscal year 2011-12 and continuing until the expiration of Amendment No. 4, the district shall receive 95% of its share of tax increment revenue from Amendment No. 4.

Ocean View School District. The tenth agreement is with the Ocean View School District, and provides that the district shall receive (i) 100% of its share (2.07%) of tax increment revenue generated by an annual inflation adjustment in assessed valuation within the Amendment No. 4 project area, and (ii) 15% of its share of the tax increment revenue generated by annual assessed valuation growth from the Amendment No. 4 sub area in excess of inflation adjustment.

Metropolitan Water District. The eleventh tax sharing agreement is with Metropolitan Water District and provides that the district will receive 100% of its share from Amendment No. 3.

Amendment No. 5. The Agency makes statutory pass-through payments and has not entered into any pass-through agreements with respect to Amendment No. 5.

Statutory Tax Sharing Payments

Amendment No. 5 is subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. The Redevelopment Plan was subsequently brought into conformance with plan duration and other provisions of AB1290 as needed for sub areas pre-dating implementation of AB1290 in 1994.

Statutory payments are made Amendment No. 5 sub area in accordance with the three-tiered formula for statutory tax sharing payments required outlined in Section 33607.5 of the Law. These taxing entities receive their proportional shares of a tax sharing amount that is defined as being 25% of the revenue derived from the difference in assessed value in the current year and the assessed value in the adjusted base year and net of the 20% housing set-aside requirement.

Under Section 34177.5(c) of the Dissolution Act, the Agency may subordinate the statutory passthrough payments to the repayment of indebtedness. The Agency has not subordinated the statutory passthrough payments to the repayment of Bonds.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C – "CITY OF WESTMINSTER AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2015" hereto for additional information relating to the payment of indebtedness of the Agency). A description of outstanding indebtedness of the Agency, other than the Series 2016 Bonds, as of June 1, 2016 as follows:

TABLE 3
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Summary of Outstanding Debt
(As of June 1, 2016)

	Balance June 1, 2016
Bonds:	
2008 Bonds[(1)]	$21,630,000
2009 Bonds[(2)]	73,055,000
2011A Bonds[(3)]	23,285,000
Total	$117,970,000

(1) Senior to Bonds.
(2) To be refunded.
(3) Subordinate to Bonds.
Source: City of Westminster.

Assessed Valuation

The Project Area experienced a modest increase in assessed value of 1.34% for Fiscal Year 2012-13 over the Assessed Value of Fiscal Year 2011-12 and an increase in assessed value of 2.17% for Fiscal Year 2013-14. Assessed Values increased in Fiscal Year 2014-15 by 6.31% and in Fiscal Year 2015-16 by 8.53%. Table 4 sets forth Project Area's assessed valuation for the past five fiscal years and Table 5 shows five years of historical assessed valuation for the Pledged Areas.

TABLE 4
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Redevelopment Project No. 1
(Original Area & Amendment Nos. 1-5)
Historical Assessed Values
(Fiscal Years 2011-12 through 2015-16)

	2011-12	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change
Secured	$ 6,683,647,845	$ 6,803,569,354	1.79%	$ 7,001,118,361	2.90%	$ 7,392,227,386	5.59%	$ 7,995,012,219	8.15%
Utility	343,391	454,469		456,469		456,469		456,469	
Unsecured	246,316,289	219,359,622		174,565,972		235,984,858		284,174,849	
Total	6,930,307,525	7,023,383,445	1.34%	7,176,140,802	2.17%	7,628,668,713	6.31%	8,279,643,537	8.53%
Base Year(1)	(3,170,973,563)	(3,166,418,985)		(3,166,418,985)		(3,166,418,985)		(3,166,418,985)	
Incremental	3,759,333,962	3,856,964,460	2.60%	4,009,721,817	3.96%	4,462,249,728	11.29%	5,113,224,552	14.59%
Estimated Receipts	37,593,340	38,569,645		40,097,218		44,622,497		51,132,246	
Actual Receipts(2)	$ 38,069,554	$ 39,021,141		$ 41,266,556		$ 47,164,203		$ 51,667,699	
Teeter Plan Payments(3)	$ 518,972	$ 326,751		$ 250,767		$ 272,788		N/A	

(1) Changes in Base Year values occurred in Amendment Areas 3, 4, & 5.
(2) Receipt collections are pursuant to the Orange County Auditor-Controller Tax Ledger. Collections for FY 2015-16 are current through June 10, 2016.
(3) Teeter Plan allocations are shown in the amounts required by non-payments in the Fiscal Year shown. Allocations are made in July of the following Fiscal Year.
Sources: Orange County Assessor 2015-16 Secured Roll, Orange County/Auditor-Controller.

TABLE 5
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Redevelopment Project No. 1
Pledged Areas
Historical Assessed Values
(Fiscal Years 2011-12 through 2015-16)

	2011-12	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change
Secured	$ 5,872,608,915	$ 5,972,388,660	1.70%	$ 6,158,911,697	3.12%	$ 6,528,987,791	6.01%	$ 6,979,634,817[4]	6.90%
Utility	343,391	454,469		456,469		456,469		456,469	
Unsecured	165,443,558	126,381,469		93,838,140		118,472,238		204,126,982	
Total	6,038,395,864	6,099,224,598	1.01	6,253,206,306	2.52%	6,647,916,498	6.31%	7,184,218,268	8.07%
Base Year[1]	(2,963,539,876)	(2,958,985,298)		(2,958,985,298)		(2,958,985,298)		(2,958,985,298)	
Incremental	3,074,855,988	3,140,239,300	2.13	3,294,221,008	4.90%	3,688,931,200	11.98%	4,225,232,970	14.54%
Estimated Receipts	30,748,560	31,402,393		32,942,210		36,889,312		42,252,330	
Actual Receipts[2]	$ 31,478,919	$ 32,191,515		$ 34,304,155		$ 38,519,030		$ 44,130,723	
Teeter Plan Payments[3]	$ 359,280	$ 280,274		$ 216,325		$ 235,167		N/A	

(1) Changes in Base Year values occurred in Amendment Areas 3, 4, & 5.
(2) Receipt collections are pursuant to the Orange County Auditor-Controller Tax Ledger. Collections for FY 2015-16 are current through June 10, 2016.
(3) Teeter Plan allocations are shown in the amounts required by non-payments in the Fiscal Year shown. Allocations are made in July of the following Fiscal Year.
(4) 2015-16 secured value is taken from reports of the Orange County Assessor's Office and differs from 2015-16 secured value in Table 2 due to the timing of the reports provided by the Orange County Assessor's Office.

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller.

Volatility Ratio

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. The Volatility Ratio is calculated by dividing the base year assessed valuation by the current year assessed valuation. The higher the Volatility Ratio, the greater the adverse impact on Tax Revenues due to a reduction in assessed valuation with respect to a Sub-Area. The volatility ratio for Amendment Area No. 3 is 17%, for Amended Area No. 4 is 36%, and for Amendment Area No. 5 is 43%. See APPENDIX A – "REPORT OF FISCAL CONSULTANT – Table 1." Also, see "BOND OWNERS' RISKS – Reduction in Taxable Value."

Property Taxes and Inflation Rates

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Area. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the "Board") may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, eight prior fiscal years and the announced adjustment factor for the next fiscal year.

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2007-08	2.000%
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525

Source: State of California Board of Equalization.

Supplemental Assessment Revenues

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. The Agency has not included revenues resulting from Supplemental Assessments in its projections.

Proposition 8 Assessment Reductions And Restorations

Proposition 8 amended the Revenue and Taxation Code to allow for reduction of a property's taxable value when the property's market value drops below the inflation adjusted base value for that property. Once reduced, the Orange County Office of the Assessor (the "Assessor") is required to revalue the property each year and enroll the lesser of the current market value of the property or its original inflation adjusted base value. If a property that has been reduced in value under Proposition 8 is sold, its value is reset based upon the sales price and this new value is no longer subject to annual revaluation under Proposition 8.

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Project Area). The Assessor reports 138,000 properties reduced through Proposition 8 in Fiscal Year 2015-16 in the principal tax rate districts within the Project Area with $16 billion in reduced valuation. This compares to 202,800 properties and $30 billion in Proposition 8 reductions in Fiscal Year 2008-09. While these figures include properties outside of the Project Area, they indicate that Proposition 8 reductions have decreased in value by nearly half between Fiscal Year 2012-13 and Fiscal Year 2015-16. Additionally, based upon a sampling of individual parcels in the Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

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

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which application is made and during which the written application was filed. The assessed value may be increased to its pre reduction level for fiscal years following the year for which the reduction application is filed if the real estate market recovers.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Most of the appeals filed in the Project Area are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

There are currently 209 pending appeals within the Pledged Areas of the Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Two of the Project Area's top ten taxpayers have pending appeals of their assessed value.

Top Ten Taxpayer Appeals

Three of the top ten overall taxpayers have filed appeals. Land Partners Co. (first overall in Pledged Areas; located in Amendment Area 5) has two appeals pending, requesting total reduction of $44,986,609 in assessed value. Land Partners Co. owns the Village Mobile Home Park located at 5880 Garden Grove Boulevard. THW Properties LLC (third overall; located in Amendment Area 5) also has two pending appeals, and is requesting a $9,114,684 reduction in assessed value. THW Properties LLC owns the Windmill Apartments located at 15400 Belgrade Street. CP II Park Lane LLC (fourth overall in Pledged Areas; located in Amendment Area 5) had 36 stipulated appeals, and was granted $1,751,638 in reductions for the 2014-15 fiscal year. The revenue projections for the current fiscal year do not include this value. CP II Park Lane LLC owns the Villa Pacific Apartments at 14452 Goldenwest Street.

Fiscal Consultant has included the estimated impact of value losses resulting from these pending appeals in the projected revenues of the Project Area and the Pledged Areas. See "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

The following table shows the amount of assessed value that is presently under appeal within the Pledged Areas and the estimated reduction of value that has been factored into the projections for 2015-16. The assessment appeals data below reflects appeals filed for Fiscal Years 2011-12 through 2015-16. To provide some indication of the proportion of valuation upheld on appeal, the table below provides information on resolved appeals filed in previous years in the Project Area. Overall, the 295 appeals settled in the Pledged Areas of the Project Area during the Fiscal Year 2011-12 to Fiscal Year 2015-16 period resulted in reductions in valuation of $76.8 million out of $8.27 billion in enrolled valuation subject to appeals, or around 32%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 11% of the original valuation.

Applying the 11% loss of value rate for resolved appeals to the $245 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of $24.5 million or approximately $245,000 in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolutions as to assessed valuation of such properties in subsequent years. As noted below under "ESTIMATED REVENUES AND BOND RETIREMENT," the Fiscal Consultant has used the assumptions regarding any potential appeal-related adjustments in projecting the Pledged Areas' assessed valuation.

TABLE 6
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Pledged Areas
Estimated Appeals Loss
Fiscal Year 2015-16

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/No Change/ Invalid	Pending	Total	AV of All Appeals (Portion of Pledged Areas)		Requested Reductions (Portion of Pledged Areas)		Granted Reductions (Portion of Pledged Areas)		Average Granted Reduction	Pending Reductions (Portion of Pledged Areas)		Total Pledged Areas AV
2015-16	2	7	82	91	$253,097,033	3.52%	$ 78,815,326	1.10%	$ 124,000	0.00%	$ 62,000	$ 68,944,804	0.96%	$7,184,218,268
2014-15	52	85	41	178	367,176,854	5.52	143,271,317	2.16	24,433,613	0.37	469,877	36,279,174	0.55	6,647,916,498
2013-14	74	79	25	178	298,441,932	4.77	116,676,231	1.87	14,023,615	0.22	189,508	76,307,641	1.22	6,253,206,306
2012-13	85	102	28	215	316,196,197	5.18	121,419,108	1.99	12,932,614	0.21	152,148	34,388,332	0.56	6,099,224,598
2011-12	82	145	33	260	350,839,799	5.81	131,784,877	2.18	15,954,150	0.26	194,563	29,516,875	0.49	6,038,395,864
Total	295	418	209	922					$67,467,992			$245,436,826		

Historic Rate of Stipulated/reduced Appeals	32%
Average Granted Reduction as Percentage of Requested Reduction[3]	11%

(1) Assumed no reduction in assessed value for those appeals for which the board value was zero.
(2) Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.
(3) Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board.

Property Value by Land Use

Taxable values in the Pledged Areas of the Project Area are diversified with residential property values making up 85.67% of all value. Industrial uses account for 2.89% of the Pledged Areas of the Project Area taxable values and commercial uses account for 10.90%. Together, these three land use categories account for 99% of all taxable value in the Pledged Areas of the Project Area.

The following table illustrates the land use of property within the Pledged Areas of the Project Area and its secured assessed value.

TABLE 7
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Pledged Areas
Land Use Statistics
(Fiscal Year 2015-16)

Land Use	# of Parcels	Secured Assessed Value	% of Total
Single Family Residential	16,946	$5,318,176,754	76.10%
Commercial	475	761,803,686	10.90
Multiple Residential	795	669,098,206	9.57
Industrial	138	201,916,477	2.89
Mobile Homes	1,955	31,974,811	0.46
Rural	9	5,353,971	0.08
Miscellaneous	1	640	0.00
Wholly Exempt	163	-	0.00
Total	20,482	$6,988,324,545	100%

(1) Values shown here are net of all exemptions except Homeowners Exemption.
Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller.

New Construction

Within the Pledged Area, there are several multi-family developments and a new commercial development. There is also a new development with single family residences in the Pledge Area. The Fiscal Consultant has assumed that commercial and multi-family development would be completed in 2016 and reflected on the 2017-18 assessment roll, and single family development will be completed in 2016 and 2017, with the first half of the total value being reflected on the 2017-18 assessment roll and the balance in the 2018-19 roll. The commercial and multi-family developments are expected to add an increase in value of $64,042,408 (or 0.89%) in increased total assessed value of the Pledged Area. See Appendix A – "FISCAL CONSULTANT REPORT."

Property Taxes; Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the Teeter Plan, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax

Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. Over the last five years, payments from the Teeter Plan to the Successor Agency have declined and were $235,167 for fiscal year 2015-16.

Financial Statements

The Successor Agency does not maintain separate audited financial statements from the City. The City's audited financial statements for the Fiscal Year ended June 30, 2015, are included as APPENDIX C to this Official Statement. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statement as an appendix to this Official Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the City.

Residual Redevelopment Property Tax Trust Fund

Pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including the Successor Agency, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund ("RPTTF"). See "SECURITY FOR THE BONDS – Pledge of Tax Revenues," herein. Such pledge and lien is subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue, subject to existing liens and priority claims, is available to pay debt service on the Series 2016 Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act. This pledge of residual amounts in the RPTTF is only available after the payment of all senior enforceable obligations, and will continue to be spread among the amendment areas of the Project Area as existing tax allocation bonds of the Successor Agency are refinanced. In other words, as the 2008 Bonds and 2011 Bonds are refinanced, these refunding bonds will also have pledge of moneys deposited to the RPTTF. The Fiscal Consultant Report, attached as APPENDIX A, shows total assessed values and incremental revenues for the entire Project Area as well as the largest property tax payers in all areas combined.

The table below sets forth the residual tax revenues which were distributed to taxing entities for each fiscal year since Fiscal Year 2011-12.

TABLE 8
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Historical Residual RPTTF Revenues

Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF)[1]	County Administrative Distributions[2]	Pass-through Distributions	Available for Enforceable Obligations	Debt Service Payments[3]	Enforceable Obligations (Non-Debt Service Payments)	Prior Period Adjustment[4,5]	Excess RPTTF Revenue
2011-12[6]	ROPS I & II	$36,196,709	$392,270	$6,411,530	$29,392,909	$16,348,294	$ 1,105,821	$ 0	$11,938,794
2012-13	ROPS III & 13-14A	38,814,764	445,417	8,151,191	30,218,156	16,349,594	13,408,572	127,724	587,714
2013-14	ROPS 13-14B & 14-15A	40,487,674	432,805	8,208,835	31,846,034	8,546,844	19,566,289	10,383,007	14,115,908
2014-15	ROPS 14-15B & 15-16A	46,494,627	437,657	10,452,395	35,604,575	8,543,894	20,261,001	12,105,406	18,905,086
2015-16	ROPS 15-16B & 16-17A	50,602,310	489,718	11,775,464	38,337,128	8,543,294	7,126,900	115,408	22,782,342

(1) ROPS collections periods do not align exactly with the fiscal year. In general, collections between the end of May and mid-December will be distributed in a ROPS "B" period, while collections the remainder of the year will be distributed in a ROPS "A" period.
(2) Includes Administrative Fees to County-Auditor Controller, SB 2557 Administration Fees, & State Controller Office Invoices for Audit and Oversight.
(3) Payments for 2008 Series, 2009 Series, 2011 B-T Series (no longer outstanding), 2011 B Series (no longer outstanding), and 2011 A Series.
(4) Prior period adjustments reflect unspent funds from prior ROPS periods, which happens when funds are requested and approved, but unspent. The Agency had significant amounts of capital improvement projects under contract to be funded by tax increment, but the timing of the projects were unpredictable due to their complexity. This resulted in funds being requested but not spent in the anticipated periods. As of June, 2016, the capital projects are nearly complete.
(5) ROPS I and II did not have a prior period adjustment. Amount for FY 16-17 is unknown.
(6) Tax increment distributions from July 2011-January 2012 prior to dissolution are included, but most non-bond pre-dissolution expenditures are not reflected.
Sources: Orange County Auditor Controller, ROPS, Department of Finance

See the Fiscal Consultant Report attached as APPENDIX A to this Official Statement for additional information about the Project Area, including a description of the concentration of ownership across all such sub areas. As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual RPTTF revenues are expected to increase as enforceable obligations are retired.

ESTIMATED REVENUES AND BOND RETIREMENT

The Successor Agency has retained Rosenow Spevacek Group Inc., Santa Ana, California (the "Fiscal Consultant"), to analyze the Project Area and to project future tax increment revenues for the Pledged Areas of the Project Area and the Project Area in its entirety. The Fiscal Consultant Report is included as APPENDIX A and should be read in its entirety.

For purposes of projecting Tax Revenues, the Fiscal Consultant has made the following assumptions:

(1) The Fiscal Consultant assumed that the tax rate in the Pledged Areas of the Project Area is 1%, with no tax rate overrides. A reduction in unsecured value between FY 2015-16 and 2016-17 is based on analysis of the unsecured assessment roll which shows multiple years of prior uncharged assessments for two parcels, which account for a significant portion of the total unsecured value reported by the County Auditor Controller. The assessments are not expected in the future and are removed from the projections. For purposes of projecting Tax Revenues, plan limitations are not taken into account.

(2) County administrative fee is estimated to be 1.00% of tax increment revenue in the Pledged Areas.

(3) Tax increment revenue is projected to increase at an annual growth rate of 1.525% for fiscal year 2016-17 and 2% in subsequent years. Unitary tax revenue of $456,469 is projected to remain constant.

(4) Tax increment revenues do not include any adjustment for delinquencies, refunds, or rebates. See "Property Taxes; Teeter Plan," herein.

(5) Projections take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reduction and assessment appeals.

(6) Contractual pass through payments and statutory tax sharing payments are senior to the Bonds according to agreements described under "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Pass-Through Agreements" and "– Statutory Tax Sharing Payments," herein.

(7) The 20% low and moderate housing set aside was eliminated with the Dissolution Act. Were the set aside still in effect, the amount of tax increment deposited in the low and moderate income Housing Fund would have been 20% of the gross tax increment less the County Administration fee.

Actual levels of future tax increment revenues will depend upon the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax rates, and may differ from the projections presented herein. See "FISCAL CONSULTANT REPORT" attached hereto as APPENDIX A.

TABLE 9
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Pledged Areas (3, 4 & 5)
Estimated Tax Increment Revenues[1]
Fiscal Years 2015-16 through 2045-46

Bond Year (August 1)	Gross Tax Increment[2]	County Admin Fee (1% of Inc.)	Pass-through Payments	Pledged Areas Net Tax Increment
2015-16	$ 42,171,201	$ (421,712)	$ (11,263,590)	$ 30,485,899
2016-17	42,315,722	(423,157)	(11,337,293)	30,555,271
2017-18	43,983,869	(439,839)	(11,929,437)	31,614,593
2018-19	45,655,431	(456,554)	(12,522,956)	32,675,921
2019-20	47,054,007	(470,540)	(13,059,256)	33,524,211
2020-21	48,479,771	(484,798)	(13,606,093)	34,388,880
2021-22	49,933,257	(499,333)	(14,163,676)	35,270,248
2022-23	51,415,013	(514,150)	(14,732,218)	36,168,644
2023-24	52,925,595	(529,256)	(15,311,937)	37,084,403
2024-25	54,465,573	(544,656)	(15,903,053)	38,017,865
2025-26	56,035,526	(560,355)	(16,505,793)	38,969,378
2026-27	57,636,045	(576,360)	(17,120,387)	39,939,297
2027-28	59,267,733	(592,677)	(17,747,071)	40,927,985
2028-29	60,931,206	(609,312)	(18,386,084)	41,935,810
2029-30	62,627,090	(626,271)	(19,037,670)	42,963,148
2030-31	64,356,025	(643,560)	(19,702,080)	44,010,384
2031-32	66,118,663	(661,187)	(20,555,790)	44,901,687
2032-33	67,915,670	(679,157)	(21,426,361)	45,810,152
2033-34	69,747,724	(697,477)	(22,314,129)	46,736,118
2034-35	71,615,518	(716,155)	(23,219,435)	47,679,928
2035-36	73,519,757	(735,198)	(24,142,627)	48,641,932
2036-37	75,461,160	(754,612)	(25,084,063)	49,622,486
2037-38	77,440,463	(774,405)	(26,044,103)	50,621,955
2038-39	79,458,413	(794,584)	(27,023,118)	51,640,711
2039-40	81,515,774	(815,158)	(28,021,485)	52,679,131
2040-41	83,613,326	(836,133)	(29,039,590)	53,737,603
2041-42	85,751,863	(857,519)	(30,077,825)	54,816,519
2042-43	87,932,193	(879,322)	(31,136,590)	55,916,281
2043-44	90,155,144	(901,551)	(32,216,294)	57,037,299
2044-45	92,421,558	(924,216)	(33,317,351)	58,179,991
2045-46	94,732,293	(947,323)	(34,440,187)	59,344,783
	$2,036,652,583	$(20,366,526)	$(650,387,543)	$1,365,898,514

(1) The Dissolution Act abolished the requirement for redevelopment agencies and their successor agencies to set aside 20% of their annual tax increment revenue for affordable housing.

(2) A reduction in unsecured value between FY 2015-16 and 2016-17 is based on analysis of the unsecured assessment roll which shows multiple years of prior uncharged assessments for two parcels, which account for a significant portion of the total unsecured value reported by the County Auditor Controller. The assessments are not expected in the future and are removed from the projections.

Sources: RSG Analysis, Taxing Agency Agreements, Redevelopment Plan, Orange County Auditor-Controller

TABLE 10
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
(All Areas)
Estimated Tax Increment Revenues[1]
Fiscal Years 2015-16 through 2045-46

Bond Year (August 1)	Gross Tax Increment[2]	County Admin Fee (1% of Inc.)	Pass-through Payments	Project Area Net Tax Increment
2015-16	$ 51,037,331	$ (510,373)	$ (12,365,391)	$ 38,161,567
2016-17	51,245,742	(512,457)	(12,467,292)	38,265,993
2017-18	53,088,430	(530,884)	(13,102,489)	39,455,057
2018-19	54,937,729	(549,377)	(13,739,921)	40,648,430
2019-20	56,517,298	(565,173)	(14,321,013)	41,631,112
2020-21	58,127,373	(581,274)	(14,913,538)	42,632,561
2021-22	59,768,553	(597,686)	(15,517,722)	43,653,145
2022-23	61,441,448	(614,414)	(16,133,797)	44,693,237
2023-24	63,146,683	(631,467)	(16,761,998)	45,753,218
2024-25	64,884,892	(648,849)	(17,402,567)	46,833,476
2025-26	66,656,725	(666,567)	(18,055,749)	47,934,409
2026-27	68,462,841	(684,628)	(18,721,793)	49,056,420
2027-28	70,303,916	(703,039)	(19,400,956)	50,199,921
2028-29	72,180,636	(721,806)	(20,093,497)	51,365,333
2029-30	74,093,704	(740,937)	(20,799,682)	52,553,085
2030-31	76,043,833	(760,438)	(21,519,782)	53,763,613
2031-32	78,031,753	(780,318)	(22,430,295)	54,821,140
2032-33	80,058,208	(800,582)	(23,358,806)	55,898,820
2033-34	82,123,956	(821,240)	(24,305,672)	56,997,045
2034-35	84,229,772	(842,298)	(25,271,258)	58,116,216
2035-36	86,376,442	(863,764)	(26,255,936)	59,256,742
2036-37	88,564,774	(885,648)	(27,260,086)	60,419,041
2037-38	90,795,587	(907,956)	(28,249,094)	61,638,537
2038-39	93,069,719	(930,697)	(29,292,220)	62,846,802
2039-40	95,388,022	(953,880)	(30,355,980)	64,078,162
2040-41	97,751,367	(977,514)	(31,440,785)	65,333,068
2041-42	100,160,641	(1,001,606)	(32,547,054)	66,611,980
2042-43	102,616,748	(1,026,167)	(33,675,214)	67,915,367
2043-44	105,120,612	(1,051,206)	(34,825,699)	69,243,707
2044-45	107,673,175	(1,076,732)	(35,998,954)	70,597,490
2045-46	110,275,397	(1,102,754)	(37,195,431)	71,977,212
Totals	$2,404,173,309	$(24,041,733)	$(707,779,672)	$1,672,351,903

(1) The Dissolution Act abolished the requirement for redevelopment agencies and their successor agencies to set aside 20% of their annual tax increment revenue for affordable housing.

(2) A reduction in unsecured value between FY 2015-16 and 2016-17 is based on analysis of the unsecured assessment roll which shows multiple years of prior uncharged assessments for two parcels, which account for a significant portion of the total unsecured value reported by the County Auditor Controller. The assessments are not expected in the future and are removed from the projections.

Sources: RSG Analysis, Taxing Agency Agreements, Redevelopment Plan, Orange County Auditor-Controller.

The following Table 11 projects debt service coverage for the Bonds showing only projected Tax Revenues from the Pledged Areas plus available amounts in the RPTTF after payment of debt service on the 2008 Bonds.

TABLE 11
SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Estimated Debt Service Coverage
Fiscal Years 2016-17 through 2044-45

Fiscal Year	Pledged Areas Net Tax Increment Revenues [1]	Less: Allocated 2008 (Sub Areas 3, 4 & 5) Debt Service [2]	Equals: "Tax Revenues" (Sub Areas 3, 4 & 5)	RPTTF Pledge to 2016 Bonds Debt Service (Orig + Sub Areas 1 & 2) [3][4]	Equals: "Tax Revenues" (Orig + Sub Area 3-5) + RPTTF*	2016 Bonds Debt Service	2016 Bonds Debt Service Coverage
2016-17	$30,555,271	$1,887,292	$ 28,667,979	$ 7,234,458	$ 35,902,437	$ 3,083,150	11.64x
2017-18	31,614,593	1,894,354	29,720,239	7,370,662	37,090,901	3,081,650	12.04
2018-19	32,675,921	1,899,019	30,776,902	7,509,172	38,286,074	3,081,750	12.42
2019-20	33,524,211	1,902,974	31,621,237	7,646,719	39,267,956	3,083,150	12.74
2020-21	34,388,880	1,904,750	32,484,130	7,787,075	40,271,205	3,078,950	13.08
2021-22	35,270,248	1,910,668	33,359,580	7,928,777	41,288,357	3,079,350	13.41
2022-23	36,168,644	1,910,349	34,258,295	8,074,342	42,332,637	3,079,150	13.75
2023-24	37,084,403	1,913,481	35,170,922	8,221,521	43,392,443	3,083,350	14.07
2024-25	38,017,865	1,917,617	36,100,248	8,370,953	44,471,201	3,081,750	14.43
2025-26	38,969,378	1,921,970	37,047,408	8,522,876	45,570,284	3,079,550	14.80
2026-27	39,939,297	1,922,779	38,016,518	8,678,202	46,694,720	3,081,750	15.15
2027-28	40,927,985	-	40,927,985	9,271,936	50,199,921	5,443,500	9.22
2028-29	41,935,810	-	41,935,810	9,429,523	51,365,333	5,441,000	9.44
2029-30	42,963,148	-	42,963,148	9,589,937	52,553,085	5,441,500	9.66
2030-31	44,010,384	-	44,010,384	9,753,229	53,763,613	5,439,500	9.88
2031-32	44,901,687	-	44,901,687	9,919,453	54,821,140	5,437,700	10.08
2032-33	45,810,152	-	45,810,152	10,088,668	55,898,820	5,435,700	10.28
2033-34	46,736,118	-	46,736,118	10,260,927	56,997,045	5,443,300	10.47
2034-35	47,679,928	-	47,679,928	10,436,288	58,116,216	5,439,900	10.68
2035-36	48,641,932	-	48,641,932	10,614,810	59,256,742	5,435,700	10.90
2036-37	49,622,486	-	49,622,486	10,796,555	60,419,041	5,440,500	11.11
2037-38	50,621,955	-	50,621,955	11,016,582	61,638,537	5,440,400	11.33
2038-39	51,640,711	-	51,640,711	11,206,091	62,846,802	5,441,550	11.55
2039-40	52,679,131	-	52,679,131	11,399,031	64,078,162	5,438,800	11.78
2040-41	53,737,603	-	53,737,603	11,595,465	65,333,068	5,442,150	12.01
2041-42	54,816,519	-	54,816,519	11,795,461	66,611,980	5,441,300	12.24
2042-43	55,916,281	-	55,916,281	11,999,086	67,915,367	5,441,250	12.48
2043-44	57,037,299	-	57,037,299	12,206,408	69,243,707	5,436,850	12.74
2044-45	58,179,991	-	58,179,991	12,417,499	70,597,490	5,428,100	13.01
			$1,255,082,578	$281,141,706	$1,536,224,284	$131,802,250	

(1) Gross tax increment generated in the Pledged Areas less Pass Throughs and allocable County Administrative Costs.
(2) Reflects share of 2008 Bonds debt service proportional to the Pledged Areas Tax Revenues as a share of Total Project Area Tax Increment Revenue. Assumes no change in proportional relationship among the Original Area and the five Amendment Areas.
(3) Net Tax Increment Revenue generated in the Original Area, Amendment Area No. 1 and Amendment Area No. 2 less allocable debt service on the 2008 Bonds.
(4) While the 2011 Bonds are payable from RPTTF revenues, the 2011 Bonds do not have a pledge of the RPTTF. Consequently , until such time as the 2011 Bonds are refunded, the 2016 Bonds will have a priority position with respect to available funds in the RPTTF.

Sources: RSG Analysis, the Underwriters.

Table 12 below shows total tax increment generated by the Original Area and all amendment areas and debt service coverage of all outstanding bonds of the Project Area.

TABLE 12
SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
Westminster Commercial Redevelopment Project No. 1
Estimated Debt Service Coverage
Fiscal Years 2015-16 through 2044-45

Fiscal Year	Total Project Area Net Tax Increment Revenues (Orig + Sub Areas 1-5)	"Senior Bonds" 2008 Debt Service	Estimated 2016 Debt Service	"Subordinate Bonds" 2011 Debt Service	Total Project Area Debt Service	Coverage All Bonds
2016-17	$38,265,993	$ 2,363,556	$ 3,083,150	$ 1,820,394	$ 7,267,100	5.27x
2017-18	39,455,057	2,364,156	3,081,650	1,828,994	7,274,800	5.42
2018-19	40,648,430	2,362,356	3,081,750	1,824,981	7,269,087	5.59
2019-20	41,631,112	2,363,156	3,083,150	1,825,119	7,271,425	5.73
2020-21	42,632,561	2,361,356	3,078,950	1,824,194	7,264,500	5.87
2021-22	43,653,145	2,364,788	3,079,350	1,827,444	7,271,582	6.00
2022-23	44,693,237	2,360,600	3,079,150	1,823,944	7,263,694	6.15
2023-24	45,753,218	2,360,775	3,083,350	1,828,944	7,273,069	6.29
2024-25	46,833,476	2,362,275	3,081,750	1,828,244	7,272,269	6.44
2025-26	47,934,409	2,364,125	3,079,550	1,825,344	7,269,019	6.59
2026-27	49,056,420	2,361,700	3,081,750	1,825,244	7,268,694	6.75
2027-28	50,199,921	-	5,443,500	1,827,669	7,271,169	6.90
2028-29	51,365,333	-	5,441,000	1,357,344	6,798,344	7.56
2029-30	52,553,085	-	5,441,500	1,355,119	6,796,619	7.73
2030-31	53,763,613	-	5,439,500	1,355,869	6,795,369	7.91
2031-32	54,821,140	-	5,437,700	1,355,619	6,793,319	8.07
2032-33	55,898,820	-	5,435,700	1,357,994	6,793,694	8.23
2033-34	56,997,045	-	5,443,300	1,357,631	6,800,931	8.38
2034-35	58,116,216	-	5,439,900	1,355,256	6,795,156	8.55
2035-36	59,256,742	-	5,435,700	1,355,869	6,791,569	8.73
2036-37	60,419,041	-	5,440,500	1,359,181	6,799,681	8.89
2037-38	61,638,537	-	5,440,400	1,354,906	6,795,306	9.07
2038-39	62,846,802	-	5,441,550	1,357,319	6,798,869	9.24
2039-40	64,078,162	-	5,438,800	1,356,794	6,795,594	9.43
2040-41	65,333,068	-	5,442,150	1,358,331	6,800,481	9.61
2041-42	66,611,980	-	5,441,300	1,351,638	6,792,938	9.81
2042-43	67,915,367	-	5,441,250	1,357,006	6,798,256	9.99
2043-44	69,243,707	-	5,436,850	1,353,556	6,790,406	10.20
2044-45	70,597,490	-	5,428,100	1,356,581	6,784,681	10.41
		$25,988,843	$131,802,250	$44,966,525	$202,757,618	

Sources: RSG Analysis, the Underwriters.

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Bonds and the credit quality of the Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" of this Official Statement.

Limited Special Obligations

The Bonds will be special obligations of the Successor Agency, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. Neither the State nor any public agency (other than the Successor Agency) is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Successor Agency).

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a ROPS may be made by the Successor Agency from the funds specified in the ROPS. The Dissolution Act requires the Successor Agency to prepare and submit to the Successor Agency's Oversight Board and the State Department of Finance for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to complete an approved ROPS, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

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

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE BONDS-Pledge Tax Revenues") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second, on each January 2 and June 1, to a successor agency for payments listed in its ROPS, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS; (iii) third, on each January 2 and June 1, to a successor agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in its Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a ROPS. If the Successor Agency does not submit a ROPS, the County will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved ROPS.

Commencing on February 1, 2016, pursuant to SB 107, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the DOF and the county auditor-controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule and does not currently have plans to file a Last and Final Recognized Obligation Payment Schedule.

Reduction in Taxable Value

Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Pledged Areas and the current rate or rates at which property in the Pledged Areas is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Pledged Areas by one or more major property owners, the reduction of assessed value of property in the Pledged Areas due to successful appeals (see "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Assessed Valuation Appeals"), the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Pledged Areas by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below), the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See APPENDIX A – "FISCAL CONSULTANT REPORT – Assessment Appeals."

Any such reductions of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds. See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 - Assessed Valuation Appeals." The Fiscal Consultant has reduced the projections of Tax Revenues based upon appeals in the Project Area.

The County's current policy is, for the secured roll, to allocate 100% of the Project Area's tax increment revenues to the Successor Agency with no offset for taxpayer delinquencies, taxable value adjustments, refunds due to successful assessment appeals or tax roll correction (see "Property Taxes; Teeter Plan"). However, the County could change this policy in the future and begin making deductions for such delinquencies, adjustments, refunds and corrections from tax increment revenues allocated in the Successor Agency. The unsecured tax roll allocation is made on actual collections. In that event, substantial delinquencies in the payment of property taxes, substantial property tax refunds, significant reductions in taxable value or significant tax roll corrections due to such causes could impair the timely receipt by the Successor Agency of Tax Revenues. See, "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Proposition 8 Assessment Reductions and Restorations," and "-Largest Taxpayers in the Project Area."

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the respective project areas, the supply of or demand for competitive properties in such project areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate that has been announced for Fiscal Year 2016-17 is 1.525%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIIIA or will be in an amount less than 2%.

Change in Law

In addition to the other limitations on Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Bonds.

Bankruptcy of Landowners

The bankruptcy of a major assessee in the Project Area could delay and/or impair the collection of property taxes by the County with respect to properties in the bankruptcy estate. Although the Successor Agency is not aware of any major property owners in the Project Area that are in bankruptcy or threatening to declare bankruptcy, the Successor Agency cannot predict the effects on the collections of Tax Revenues if such an event were to occur.

Concentration of Property Ownership

The Project Area is comprised of multiple Sub-Areas, each of which have their own base years. See "WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – General Description" and

Table 4. While property ownership is currently diverse, this may change over time. See Table 2, "Ten Largest Property Owners by Assessed Value." Accordingly, a decline in the property values in the Pledged Areas could reduce Tax Revenues derived from the Pledged Areas. Concentration of ownership presents a risk in that, if one or more of the largest property owners in the Pledged Areas were to default on their taxes (and if the County were to change its current practice of distributing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property within the Pledged Areas, a substantial decline in Tax Revenues could occur. See "ESTIMATED REVENUES AND BOND RETIREMENT" for a description of the debt service coverage on the Bonds.

Seismic Considerations and Natural Calamities

The area encompassed by the City, like that in much of California, may be subject to unpredictable seismic activity. The City is located within an alluvial plain and liquefaction area. There are no special study zones within the City. In addition, Southern California frequently experiences wild fires which also presents a danger to the City.

From time to time, the City may be subject to other natural calamities which could adversely affect economic activity in the City, and which could have a negative impact on the values of properties in the Project Area. There can be no assurance that the occurrence of any natural calamity, such as earthquake, flooding or wildfire, would not cause substantial reduction in the assessed valuations of properties in the Pledged Areas. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Bonds. The County currently allocates 100% of the Tax Revenues collected on the secured property tax roll to the Successor Agency, regardless of the actual amount of payments made by taxpayers (see "Property Taxes; Teeter Plan," below). The County currently allocates Tax Revenues collected with respect to unsecured property to the Agency based upon the tax increment actually collected.

Estimated Revenues

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

Hazardous Substances

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

City General Fund Expenditures

For the past several years, the City's general fund expenditures have exceeded actual revenues and the City has drawn on its reserves to make payments. The City Council has not yet adopted a budget for fiscal year 2016-17, but the staff-recommended budget for fiscal year 2016-17 anticipates that general fund expenditures will again exceed revenues and anticipates drawing on reserves. The City currently projects that its general reserves will be depleted by the end of fiscal year 2018-19, unless the City finds alternate revenue sources or cuts its budgeted expenditures. The City assembled a Financial Task Force in November 2015 to address the issue. The Financial Task Force issued its report in May 2016, which included recommendations to reduce the budget deficit. Additionally, the City Council has agreed to place a 1% local sales tax measure on the November 2016 ballot. The City does not believe that any deficit in its general fund will impact its ability to collect Tax Revenues and use them to pay debt service on the Bonds.

Direct and Overlapping Indebtedness

The ability of land owners within the Project Area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Project Area could, without consent of the Successor Agency, and in certain cases without the consent of the owners of the land within the Project Area, impose additional taxes or assessment liens on the property to finance public improvements.

Future Legislation and Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Successor Agency or the Successor Agency's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Successor Agency or the Successor Agency's ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Pledged Areas and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Pledged Areas and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX A – "FISCAL CONSULTANT REPORT." See "Reduction in Taxable Value," herein.

Economic Risks

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

Acceleration on Default

Under the Indenture, the principal due on the Bonds is subject to acceleration upon the occurrence of an Event of Default. If an Event of Default occurs under the Indenture, as a practical matter, Bond Owners will be limited to enforcing the obligation of the Agency to repay the Bonds on an annual basis to the extent of the Tax

Revenues. No real or personal property in the Project Area is pledged to secure the Bonds, and it is not anticipated that the Agency will have available moneys sufficient to redeem all of the Bonds upon the occurrence of an Event of Default. Additionally, the Senior Bonds provide that acceleration of all of the maturities of the Series Bonds is a remedy under the indenture for the Senior Bonds. If the bondowners of the Senior Bonds were to exercise such remedy, then it is unlikely that funds of the Successor Agency would be sufficient to pay debt service on the Bonds.

Investment Risk

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

Further, the Successor Agency cannot predict the effects on the receipt of Tax Revenues if the City were to suffer significant losses in its portfolio of investments or if the City were to become insolvent or declare bankruptcy. See "BOND OWNERS' RISKS – Bankruptcy."

Bond Insurance Risk Factors

The Successor Agency has made application for the purchase of a Policy to guarantee the scheduled payment of principal and interest on the Insured Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Insured Bonds when all or some becomes due, any Owner of the Insured Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured Bonds by the Successor Agency which is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by BAM (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the Successor Agency unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Insured Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "OTHER INFORMATION – Ratings" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE POLICY" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Secondary Market

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

Bankruptcy

The rights of the Owners of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F – "FORM OF OPINION OF BOND COUNSEL."

Federal Tax-Exempt Status of the Bonds

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Bond proceeds, limitations on the investment earnings on Bonds proceeds prior to expenditure, a requirement that certain investment earnings on the Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the "IRS"). The Agency has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Bonds as taxable, retroactively to the date of issuance of such Bonds.

IRS Audit of Tax-Exempt Issues

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

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIIIA

Article XIIIA of the California Constitution. Section 1(a) of Article XIIIA of the California Constitution limits the maximum ad valorem tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIIIA. 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 reassessment under Article XIIIA. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to 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, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIIIA.

Article XIIIB of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIIIB include generally 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.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely and Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainly the outcome of such determination, the Successor Agency does not believe that Proposition 218 will materially affect its ability to pay principal of or interest on the Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Successor Agency is not able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Successor Agency has projected the amount of unitary revenues to be allocated for 2015-16 within the Project Area to be $456,469. The Fiscal Consultant has assumed that this amount remains constant in subsequent years. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Property Taxes; Teeter Plan

The County utilizes the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is currently not affected by delinquent tax payments.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (other than the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Effective September 22, 2015, the Dissolution Act provides that such debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 1% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the City, as Successor Agency, has covenanted for the benefit of the Owners of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), in which it covenants to provide information regarding the Successor Agency on an annual basis as well as information regarding material adverse events, if any such events should occur to the owners of the Bonds and to the Municipal Securities Rulemaking Board during the term of the Bonds. See APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with the Rule.

During the last five years, the City and certain of its related entities (including the Successor Agency) have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into four general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, related to both changes in the ratings of various bond insurers insuring the indebtedness of the City or its related entities and changes in the underlying ratings of the bond issues; (ii) late posting of the City's comprehensive audited financial report with respect to two fiscal years; (iii) late filing of the City's annual report related to one fiscal year and the Successor Agency's annual report for 2 years; or (iv) missing, incomplete, or late filing of annual reports with respect to a number of the bond issues.

The City and its related entities have made additional filings to provide certain of the previously omitted information. The City and its related entities have internally reviewed their previous filings and have completed corrective filings on all issues. With respect to notices or rating changes, the City and its related entities have prepared an omnibus corrective notice regarding bond insurer ratings and ratings of the City's debt.

In order to ensure ongoing compliance, the Agency has retained RSG, Inc. to act as dissemination agent for the Bonds and for other bond issues of the Agency and the City. The City and the Agency are in the process of reviewing policies and procedures regarding compliance with continuing disclosure.

OTHER INFORMATION

Litigation

At the time of delivery of and payment for the Bonds the Successor Agency will certify that, except as disclosed herein, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Revenues to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, or any action of the Successor Agency contemplated by any of the Indenture, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by the Indenture, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

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

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

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

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

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

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

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix F.

Verification of Mathematical Computations

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by the Successor Agency relating to the refunding of the 2009 Bonds. See “PLAN OF FINANCE” above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

Best Best & Krieger LLP, Riverside, California, will render an opinion with respect to the validity of the Bonds in substantially the form set forth in APPENDIX F hereto. Copies of such approving opinion will be available at the time of delivery of the Bonds.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Agency and to the Underwriter a letter in customary form concerning the information set forth in this Official Statement. At times, Bond Counsel represents the Underwriter in matters unrelated to the Bonds.

Ratings

The Insured Bonds are expected to receive the rating of “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), with the understanding that upon execution and delivery of the Bonds, the Policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by BAM. S&P has assigned its underlying rating of “A+” on the Bonds without regard to the issuance of the Policy.

The ratings issued reflect only the view of such rating agency, and any explanation of the significance of such ratings should be obtained from such rating agency. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Municipal Advisor

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

Underwriting

Stifel, Nicolaus & Company, Incorporated on behalf of itself and Citigroup Global Markets Inc. (collectively, the "Underwriter") has agreed to purchase the Bonds at a price of $82,052,790.50 (being the principal amount of the Bonds, plus a net original issue premium of $4,874,283.50, less an underwriter's discount of $246,493.00) under a Bond Purchase Contract between the Agency and the Underwriter.

The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

Miscellaneous

All quotations from and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

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This Official Statement is submitted only in connection with the sale of the Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the Bonds.

SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY

By: /s/ Eddie Manfro
City Manager as Administrator of the Successor Agency

APPENDIX A

FISCAL CONSULTANT REPORT

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SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY
8200 WESTMINSTER BOULEVARD
WESTMINSTER, CA 92683

FISCAL CONSULTANT REPORT
2016 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

Successor Agency to the
Westminster Redevelopment Agency

Westminster, California

July 20, 2016

RSG, INC.
www.webrsg.com

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INTRODUCTION

The Successor Agency to the Westminster Redevelopment Agency ("Agency") desires to refinance existing bonded indebtedness issued in 2009 by the former Westminster Redevelopment Agency. The 2009 Subordinate Tax Allocation Bonds ("2009 Bonds") were secured by tax increment generated within the Westminster Commercial Redevelopment Project No. 1 ("Project Area"), specifically the subareas known as Amendment Area 3, Amendment Area 4, and Amendment Area 5 (together the "Pledged Areas"). This Fiscal Consultant Report ("FCR") has been prepared by RSG, Inc. ("RSG") at the request of the Agency in order to substantiate available tax revenues to be generated in the future.

The 2016 Tax Allocation Refunding Bonds ("2016 Bonds") will be subordinate to the Agency's 2008 Tax Allocation Refunding Bonds ("Senior Bonds"), as the 2009 Bonds were. The revenue pledged to debt service on the Senior Bonds includes the entire Project Area, while the revenue to be pledged for debt service on the 2009 Bonds included only the Pledged Areas. The proposed 2016 Bonds are planned to be a pledge of tax increment from the Pledged Areas as well as Redevelopment Property Tax Trust Fund revenues, subordinate to the Senior Bonds.

The primary function of this FCR is to illustrate the ability of future revenues from tax increment ("Revenue Projections" or "Tax Increment Projections" provided as Appendix A) to pay debt obligations. In addition to the Revenue Projections and general methodology and assumptions made in preparation of the Revenue Projections, this FCR presents historical assessment and revenue information, as well as other pertinent information pertaining to the Project Area and Pledged Areas. The following tables and exhibits are provided as back-up and support for the Revenue Projections. Many Exhibits are presented in an "A" and "B" combination, wherein the "A" version represents the Project Area, and the "B" version represents the Pledged Areas.

Exhibit 1:	Base Year Assessed Value
Exhibit 2:	Historic Assessed Value and Tax Increment Revenue
Exhibit 3:	Secured Assessed Value by Land Use
Exhibit 4:	Historic Residual Property Tax Trust Fund Revenues
Exhibit 5:	Top Ten Taxpayers by Assessed Value
Exhibit 6:	Fiscal Year 2011-12 to 2015-16 Historic Secured Assessed Value Growth
Exhibit 7:	General Property Tax Levy Shares
Exhibit 8:	Building Permits Issued and Valuations
Exhibit 9:	Pass Through Agreement Summary
Exhibit 10:	Assessment Appeals History
Exhibit 11:	Projected Tax Revenues and Estimated Net Revenues for Debt Service
Appendix A:	Tax Increment Projections
Appendix B:	Appeals by Subarea
Appendix C:	Historic Assessed Value Growth by Subarea

CHANGES TO REDEVELOPMENT LAW AND REDEVELOPMENT PLAN BACKGROUND

Due to Assembly Bill x1 26, all redevelopment agencies were dissolved on February 1, 2012. Several subsequent bills have been adopted to amend and clarify the dissolution process and the responsibilities of the successor agencies created to oversee payment of redevelopment debts. This “Dissolution Law” has implemented significant changes to the HSC, including changes to the method for collection and distribution of tax increment, and restrictions set by redevelopment plans.

Today, successor agencies are allocated only the tax revenues necessary to pay valid debts, or Recognized Obligations, according to schedules created by the successor agency annually. These schedules are known as Recognized Obligation Payment Schedules, or “ROPS”. All tax increment amounts are now collected by the County Auditor Controller and distributed pursuant to Health and Safety Code Section 34183. Tax increment is distributed in the following priority: (1) County and State administrative fees; (2) taxing agency (pass-through) payments; (3) successor agency debts, including bond debt, as identified on the ROPS; (4) successor agency administrative costs; and (5) remaining money is shared among the project area’s affected taxing agencies. It should be noted that pass through payments that were subordinated to bond issues remain subordinate under Dissolution Law. Additionally, the Low and Moderate Housing Set Aside requirements were eliminated, and Redevelopment Plan limitations have been eliminated. As such, the Revenue Projections do not include a set aside for housing, and all subareas are assumed to remain in existence until all debt, including the 2016 Bonds, is paid in full.

On a technical note, the Dissolution Act essentially eliminated the term “tax increment” and refers instead only to property taxes, though the process for determining the property tax amounts subject to the Dissolution Act is still determined in the same way it was prior to dissolution, where a base year value is subtracted from a current year value. For clarity, this FCR continues to use the term tax increment to refer to those property taxes generated in the Project Area above the established base year value.

The Project Area was originally adopted on July 19, 1983 by Ordinance No. 1976, establishing the original 180-acre Westminster Commercial Project Area (“Original Area”). The Plan was amended on April 22, 1986 by Ordinance No. 2056 to add 30 acres to the Project Area (“Amendment Area 1”) The second amendment was adopted on June 23, 1987 by Ordinance No. 2070 to add 465 acres to the Project Area (“Amendment Area 2”). The Plan was amended a third time on July 11, 1989 by Ordinance No. 2111 to add 213 acres to the Project Area (“Amendment Area 3”). The fourth amendment was adopted on July 18, 1991 to add 1,188 acres to the Project Area (“Amendment Area 4”). The Plan was amended a fifth time on July 12, 2000, adding the remaining 4,526 acres of the city to the Project Area (“Amendment Area 5”). On June 13, 2007, the former Westminster Redevelopment Agency approved Ordinance No. 2413 extending certain time limits pursuant to HSC Sections 33333.2(c) and 33333.6(e)(2)(C); and on the same date approved Ordinance No. 2414 amending certain limitations pursuant to HSC Section 33333.6(e)(2)(D) On October 22, 2008 the City Council adopted Ordinance No. 2436 amending the Redevelopment Plan for the Westminster Infrastructure Revitalization Project (“2008 Amendment”), to address a textual change to Section 520 of the Redevelopment Plan; specifically: to allow the Agency to incur long term-debt (with a repayment term greater than three years) for the financing of a new police station headquarters and associated parking structure, or for the purposes of refunding such bonds or notes.

PROJECT AREA VALUE AND COLLECTION HISTORY

ASSESSED VALUATION

The Redevelopment Plan for the Project Area provides that the former Westminster Redevelopment Agency could collect tax increment to finance project implementation. Tax increment revenue is generated from increases in the current year total assessed value above the base year value. Exhibit 1 presents a summary of the Base Year Values of the six subareas that comprised the Project Area, as well as the 2015-16 total assessed value provided by the County Auditor-Controller. A Volatility Ratio was calculated by dividing the base year assessed valuation by the current year assessed valuation. The higher the Volatility Ratio, the greater the adverse impact on tax increment due to a reduction in assessed valuation. Ratios ranged from 17% to 43% in the Pledged subareas. Appendix C provides a recent history of assessed value by subarea.

Exhibit 1. Current Base Year Assessed Value, by Subarea
Westminster Commercial Redevelopment Project No. 1

	Original Area	Amendment 1	Amendment 2	Amendment 3	Amendment 4	Amendment 5
Secured	$22,478,872	$13,071,900	$151,266,593	$51,521,280	$257,587,574	$2,565,351,523
Utility	$249,677	$0	$168,120	$335,000	$2,161,634	$788,444
Unsecured	$6,251,668	$1,894,093	$12,052,764	$7,068,251	$45,884,759	$28,286,833
Total Project Area Base Year	$28,980,217	$14,965,993	$163,487,477	$58,924,531	$305,633,967	$2,594,426,800
Current Assessed Value	$289,819,657	$30,289,672	$775,315,940	$353,386,353	$854,921,753	$5,975,910,162
Volitility Ratio (BY AV/Current AV)	10%	49%	21%	17%	36%	43%

Source: Orange County Auditor-Controller, Retrieved on March 25, 2016 from http://media.ocgov.com/gov/auditor

The current base year total is $3,166,418,985, and the Fiscal Year 2015-16 total assessed value is $8,279,643,537.

TAX INCREMENT COLLECTION HISTORY

Exhibit 2 summarizes year-to-year changes in the Project Area assessed values for the past five years, based upon the County Auditor-Controller's annual assessed value reports. During this period, the total assessed value for the Project Area has increased from $6.9 billion to $8.3 billion (19%), and the Pledged Areas have increased from $6.0 billion to $7.2 billion (also 19%).

Exhibits 2A and 2B present summaries of tax increment revenue estimates and collections for fiscal years 2011-12 through 2015-16 for the Project Area and Pledged Areas. Collections have exceeded revenue estimates for the last five years.

Exhibit 2A. Historic Assessed Values and Tax Increment Revenue

Westminster Commercial Redevelopment Project No. 1

	2011-12	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change
Secured	$ 6,683,647,845	$ 6,803,569,354	1.79%	$ 7,001,118,361	2.90%	$ 7,392,227,386	5.59%	$ 7,995,012,219	8.15%
Utility	343,391	454,469		456,469		456,469		456,469	
Unsecured	246,316,289	219,359,622		174,565,972		235,984,858		284,174,849	
Total	6,930,307,525	7,023,383,445	1.34%	7,176,140,802	2.17%	7,628,668,713	6.31%	8,279,643,537	8.53%
Base Year[1]	(3,170,973,563)	(3,166,418,985)		(3,166,418,985)		(3,166,418,985)		(3,166,418,985)	
Incremental	3,759,333,962	3,856,964,460	2.60%	4,009,721,817	3.96%	4,462,249,728	11.29%	5,113,224,552	14.59%
Estimated Receipts	37,593,340	38,569,645		40,097,218		44,622,497		51,132,246	
Actual Receipts[2]	$ 38,069,554	$ 39,021,141		$ 41,266,556		$ 47,164,203		$ 51,667,699	
Teeter Plan Payments[3]	$ 518,972	$ 326,751		$ 250,767		$ 272,788		N/A	

[1] Changes in Base Year values occurred in Amendment Areas 3, 4, & 5.

[2] Receipt collections are pursuant to the Orange County Auditor-Controller Tax Ledger. Collections for FY 2015-16 are current through June 10, 2016.

3 Teeter Plan allocations are shown in the amounts required by non-payments in the Fiscal Year shown. Allocations are made in July of the following Fiscal Year.

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

Exhibit 2B. Tax Increment Revenue, Tax Years 2011-12 through 2015-16
Westminster Commercial Redevelopment Project No. 1 - Pledged Areas

	2011-12	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change
Secured	5,872,608,915	5,972,388,660	1.70%	6,158,911,697	3.12%	6,528,987,791	6.01%	6,979,634,817	6.90%
Utility	343,391	454,469		456,469		456,469		456,469	
Unsecured	165,443,558	126,381,469		93,838,140		118,472,238		204,126,982	
Total	6,038,395,864	6,099,224,598	1.01%	6,253,206,306	2.52%	6,647,916,498	6.31%	7,184,218,268	8.07%
Base Year[1]	(2,963,539,876)	(2,958,985,298)		(2,958,985,298)		(2,958,985,298)		(2,958,985,298)	
Incremental	3,074,855,988	3,140,239,300	2.13%	3,294,221,008	4.90%	3,688,931,200	11.98%	4,225,232,970	14.54%
Estimated Receipts	30,748,560	31,402,393		32,942,210		36,889,312		42,252,330	
Actual Receipts [2]	31,478,919	32,191,515		34,304,155		38,519,030		44,130,723	
Teeter Plan Payments [3]	$ 359,280	$ 280,274		$ 216,325		$ 235,167		N/A	

[1] Changes in Base Year values occurred in Amendment Areas 3, 4, & 5.
[2] Receipt collections are pursuant to the Orange County Auditor-Controller Tax Ledger. Collections for FY 2015-16 are current through June 10, 2016.
[3] Teeter Plan allocations are shown in the amounts required by non-payments in the Fiscal Year shown. Allocations are made in July of the following Fiscal Year.
Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

LAND USE

Exhibits 3A and 3B summarize the 2015-16 total secured assessed values by land use category for the Project Area and Pledged Areas. Land use data is collected through the County Assessor, however, the total secured values in Exhibits 3A and 3B vary slightly from the total secured values provided by the County Auditor-Controller for some subareas. Because the Auditor-Controller calculates tax increment revenue, those values are assumed to be more accurate and are used everywhere else in this report.

As shown, the vast majority of the Project Area assessed value is in single family residential homes, followed by commercial uses.

Exhibit 3A. Secured Assessed Value, by Land Use[1]

Westminster Commercial Redevelopment Project No. 1

Land Use	# of Parcels		Secured Assessed Value	% of Total
Single Family Residential	17,134	$	5,400,596,328	67.48%
Commercial	772		1,595,948,031	19.94%
Multiple Residential	822		718,224,720	8.97%
Industrial	181		251,600,693	3.14%
Mobile Homes	1,955		31,974,811	0.40%
Rural	9		5,353,971	0.07%
Miscellaneous	2		3,393	0.00%
Wholly Exempt	184		-	0.00%
	21,059	$	8,003,701,947	100.00%

[1] Values shown here are net of all exemptions except Homeowners Exemption

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

Exhibit 3B. Secured Assessed Value, by Land Use[1]

Westminster Commercial Redevelopment Project No. 1 - Pledged Areas

Land Use	# of Parcels		Secured Assessed Value	% of Total
Single Family Residential	16,946	$	5,318,176,754	76.10%
Commercial	475		761,803,686	10.90%
Multiple Residential	795		669,098,206	9.57%
Industrial	138		201,916,477	2.89%
Mobile Homes	1,955		31,974,811	0.46%
Rural	9		5,353,971	0.08%
Miscellaneous	1		640	0.00%
Wholly Exempt	163		-	0.00%
	20,482	$	6,988,324,545	100.00%

[1] Values shown here are net of all exemptions except Homeowners Exemption

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

RECOGNIZED OBLIGATION PAYMENT SCHEDULE ANALYSIS

The Agency has been able to obtain funding for its ROPS obligations in each period, without filing a Notice of Insufficiency. Most of the Agency's debt obligations are related to bonds, followed by certain capital improvement project contracts and repayment of an outstanding Supplemental Educational Revenue Augmentation Fund ("SERAF") loan to the Westminster Housing Authority. At this time, the capital improvement projects are nearly fully funded, and the contracts will be complete. The SERAF loan is not subject to a debt service schedule, but the Agency generally anticipates fully funding it over the next five years. These, and all other obligations on the ROPS are subordinate to bond debt service.

Exhibit 4 summarizes collections and distributions on a ROPS basis. Surplus revenues available after payment of bond debt service and ROPS obligations have been increasing over time.

Exhibit 4. Historic Residual Property Tax Trust Fund (RPTTF) Revenues
Westminster Commercial Redevelopment Project No. 1

		A	B	C	D	E	F	G	H
Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF) [1]	County Administrative Distributions [2]	Pass-through Distributions	Available for Enforceable Obligations (A-B-C)	Debt Service Payments[3]	Enforceable Obligations (Non-Debt Service Payments)	Prior Period Adjustment[4,5]	Excess RPTTF Revenue (D-E-F+G)
2011-12 [6]	ROPS I & II	36,196,709	392,270	6,411,530	29,392,909	16,348,294	1,105,821	0	11,938,794
2012-13	ROPS III & 13-14A	38,814,764	445,417	8,151,191	30,218,156	16,349,594	13,408,572	127,724	587,714
2013-14	ROPS 13-14B & 14-15A	40,487,674	432,805	8,208,835	31,846,034	8,546,844	19,566,289	10,383,007	14,115,908
2014-15	ROPS 14-15B & 15-16A	46,494,627	437,657	10,452,395	35,604,575	8,543,894	20,261,001	12,105,406	18,905,086
2015-16	ROPS 15-16B & 16-17A	50,602,310	489,718	11,775,464	38,337,128	8,543,294	7,126,900	115,408	22,782,342

[1] ROPS collections periods do not align exactly with the fiscal year. In general, collections between the end of May and mid-December will be distributed in a ROPS "B" period, while collections the remainder of the year will be distributed in a ROPS "A" period.

[2] Includes Administrative Fees to County-Auditor Controller, SB 2557 Administration Fees, & State Controller Office Invoices for Audit and Oversight

[3] Payments for 2008 Series, 2009 Series, 2011 B-T Series, 2011 B Series, and 2011 A Series

[4] Prior period adjustments reflect unspent funds from prior ROPS periods, which happens when funds are requested and approved, but unspent. The Agency had significant amounts of capital improvement projects under contract to be funded by tax increment, but the timing of the projects were unpredictable due to their complexity. This resulted in funds being requested but not spent in the anticipated periods. As of June, 2016, the capital projects are nearly complete.

[5] ROPS I and II did not have a prior period adjustment. Amount for FY 16-17A is unknown.

[6] Tax increment distributions from July 2011-January 2012 prior to dissolution are included, but most non-bond pre-dissolution expenditures are not reflected.

Sources: Orange County Auditor Controller, ROPS, Department of Finance

TOP TEN TAXPAYERS ANALYSIS

Utilizing the County's 2015-16 Secured and Unsecured Assessment Rolls, the top ten largest taxpayers within the Project Area and Pledged Areas have been identified and are listed on Exhibits 5A and 5B. Top taxpayer value is slightly more concentrated in the Project Area as a whole due to large commercial holdings including Westminster Mall and the Westminster Center. In total, about 8.2% of the Project Area value is held by the top ten taxpayers, while about 4.5% of the Pledged Areas value is held by the top ten taxpayers.

Exhibit 5A. Top 10 Taxpayers for 2015-16, by Assessed Value
Westminster Commercial Redevelopment Project No. 1

	Property Owner	No. of Parcels	Subarea	Primary Land Use		2015-2016 Total Assessed Value	% of Total
1	Westminster Mall LLC	9	2	Commercial	$	255,151,962	3.19%
2	WRI West Gate South	23	Orig. & 3	Commercial		70,567,871	0.88%
3	Land Partners Co [1]	1	5	Commercial		60,849,281	0.76%
4	WRW Prop LLC	5	5	Commercial & Multi-Family		53,069,557	0.66%
5	PK I Pavilions Place LP	4	Orig. & 3	Commercial		51,842,229	0.65%
6	Jasmine Place Associates	39	2	Single Family & Multi-Family Residential		44,570,541	0.56%
7	THW Properties LLC [1]	1	5	Multi-Family		33,557,342	0.42%
8	CP II Park Lane LLC	41	5	Multi-Family		29,326,079	0.37%
9	Howard, Gretchen Ann Tr	8	4 & 5	Industrial & Commercial		28,932,868	0.36%
10	CLPF-7400 Hazard LLC	2	2 & 3	Industrial & Commercial		27,357,104	0.34%
				Total	$	655,224,834	8.19%
				Total Project Area Assessed Value	$	7,995,468,688	

[1] *Assessed value appeal pending*

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

Exhibit 5B. Top 10 Taxpayers for 2015-16, by Assessed Value

Westminster Commercial Redevelopment Project No. 1 - Pledged Areas

	Property Owner	No. of Parcels	Subarea	Primary Land Use		2015-2016 Total Assessed Value	% of Total
1	Land Partners Co [1]	1	5	Commercial	$	60,849,281	0.87%
2	WRW Prop LLC	5	5	Commercial & Multi-Family		53,069,557	0.76%
3	THW Properties LLC [1]	1	5	Multi-Family		33,557,342	0.48%
4	CP II Park Lane LLC	41	5	Multi-Family		29,326,079	0.42%
5	Howard, Gretchen Ann Tr	8	4 & 5	Industrial & Commercial		28,932,868	0.41%
6	CLPF-7400 Hazard LLC	1	3	Industrial		27,357,104	0.39%
7	Mission Del Amo Mobile	1	5	Commercial		21,674,575	0.31%
8	CRP / CDG Westminster	88	3	Single Family Residential		20,803,610	0.30%
9	Avalon Center at Garden	4	4	Commercial		20,219,826	0.29%
10	WRI West Gate South	9	3	Commercial		19,886,832	0.28%
				Total	$	315,677,074	4.52%
				Total Project Area Assessed Value	$	6,980,091,286	

[1] *Assessed value appeal pending*

Sources: Orange County Assessor 2015-16 Secured Roll, Orange County Auditor-Controller

REVENUE PROJECTION ASSUMPTIONS

The following section details the assumptions used by RSG to project future tax increment revenues available to fund debt service.

ARTICLE XIIIA (PROPOSITION 13) INFLATIONARY ADJUSTMENTS

As enacted by Proposition 13 in 1978, Article XIIIA of the State Constitution limits annual inflationary adjustments to property assessed values to a maximum of 2% annually. Each year, the State Board of Equalization establishes this annual increase based on the statewide consumer price index for the previous year (October to October). Since its passage in 1978, there have been nine occurrences when the inflationary adjustment was less than 2%. Most recently, this occurred in fiscal years 2016-17, 2015-16, 2014-15, 2011-12, 2010-11, and 2004-05; the inflationary adjustments for these fiscal years was 1.525%, 1.998%, 0.454%, 0.753%, -0.237% and 1.867%, respectively.

The assessed valuation forecast provided in the tax increment projections shown in Exhibit 12 incorporates an annual increase on a subarea basis. The Original Area, Amendment 1 Area, and Amendment 4 Area have experienced average annual growth of under 3% in the last five years, and were therefore limited to a 1% annual growth rate in the Revenue Projections to remain conservative. Amendment Areas 2, 3, and 5 experienced greater growth, so were projected to increase at a conservative 2% per year, with the exception of fiscal year 2016-17 as the State Board of Equalization has already set the annual inflation rate at 1.525%. Unsecured assessed values have been held constant through the term of the projections. Exhibit 6 identifies the five-year historic growth by subarea.

Exhibit 6. Fiscal Year 2011-12 to 2015-16 Historic Secured Assessed Value Growth
Westminster Commercial Redevelopment Project No. 1

	Original Area	Amendment 1	Amendment 2	Amendment 3	Amendment 4	Amendment 5
Five Year Average Secured Value Growth	1.9%	2.9%	8.0%	7.2%	2.9%	4.5%

Source: Orange County Auditor-Controller, RSG

TAX RATES

The Revenue Projections presented in Exhibit 12 calculate revenue based on a 1% general levy rate. Exhibit 7 provides the various taxing agency shares for the Project Area and Pledged Areas, weighted by increment. Each subarea tax increment projection presented in Appendix 1 utilizes its individual taxing agency share to calculate pass through payments, which are described in greater detail later in this FCR.

Exhibit 7. General Property Tax Levy Shares

Westminster Commercial Redevelopment Project No. 1

	Project Area	Pledged Areas
Coast Community College	0.08567987	0.08549740
Westminster Elementary School District	0.15961297	0.16249573
Garden Grove Unified School District	0.11399402	0.10945983
Huntington Beach Union High School District	0.15030977	0.15196642
Ocean View Elementary School District	0.02156754	0.02066830
Educational Revenue Augmentation Fund	0.17818612	0.17876041
Midway City Sanitary District	0.03812062	0.03918786
OC Department of Education	0.01319007	0.01313212
OC Flood Control District	0.01758098	0.01754361
OC Parks CSA 26	0.01358961	0.01356073
OC Sanitation District 3	0.03176487	0.03169662
OC Cemetery Fund	0.00032107	0.00032002
OC General Fund	0.05480849	0.05469308
OC Public Library	0.01482351	0.01479201
OC Vector Control District	0.00099275	0.00099061
Orange County Water District	0.00744622	0.00743172
Orange County Water District - Water Reserve	0.00011184	0.00011162
Orange County Transit Authority	0.00249497	0.00248969
Westminster City	0.07369839	0.07354187
Westminster Municipal Lighting District	0.02168485	0.02163440
Westminster Municipal Lighting Reorganization	0.00002145	0.00002596
	1.00000000	1.00000000

Source: Orange County Auditor-Controller, RSG

COUNTY ADMINISTRATIVE CHARGES

The County charges an administrative fee for disbursing property tax increment revenues, and is paid through the tax increment distribution process outlined in HSC Section 34183. In fiscal year 2014-15, the County charged the Agency $437,658 in administrative charges for the Project Area, which was approximately 1% of the total tax increment received by the Successor Agency in fiscal year 2014-15. Therefore, future projections assume an amount equal to 1% of the assessed value will be used to fund County administrative charges.

CHANGES IN VALUE CAUSED BY NEW CONSTRUCTION

Exhibit 8 presents a summary of projects currently under construction whose completed improvements will result in an increase in assessed value for the subject property that is anticipated to be reflected on the 2017-18 assessment roll, or the 2018-19 assessment roll. The data for Exhibit 8 was obtained from the City's Building Department, and includes only new development that had begun the construction process, as of May 10, 2016. All new commercial and multi-family development is assumed to be completed in the 2016 calendar year, and appear on the 2017-18 assessment roll. Two larger-scale, for-sale residential developments were assumed to be 50% completed for the 2017-18 assessment roll, with the second half to be added in 2018-19. Commercial and multi-family valuations were obtained from the City's Building Department. New for-sale, single family valuations are based on a six-month average median home sale values in Westminster, as reported by CoreLogic, of $552,000 for a traditional single family home, and $384,000 for a condominium. Note that all new development included is within the Pledged Areas.

Exhibit 8. Projects in Construction and Valuations, January 1, 2016 to May 10, 2016
Westminster Commercial Redevelopment Project No. 1

	Project Area		Pledged Areas	
Type of Construction	# Units	Valuation [1]	# Units	Valuation [1]
Commercial New	1	$1,466,887	1	$1,466,887
Multi Family New	9	$1,447,521	9	$1,447,521
Single Family New	122	$61,128,000	122	$61,128,000
Total Value Added to 2016-17 Tax Roll	132	$64,042,408	132	$64,042,408
Total 2015-16 Secured AV		$8,279,643,537		$7,184,218,268
Percentage Increase		0.77%		0.89%

Source: City of Westminster Building Division Monthly Report, City Building Staff, CoreLogic, RSG

[1] Only new construction underway was considered. Commercial and multi family valuations reflect building permit data. Single family units estimated usng a 6-month historical median home sales values reported by CoreLogic and confirmed using Zillow. Townhomes were conservatively estimated at $384,000 per unit and traditional SFR at $552,000 per unit. New homes are expected to sell at a premium, above the current median value.

New development projects underway are expected to add $64,042,408 of value to the Project Area (a 0.89% increase in total assessed value). To be conservative, only new development was considered in this analysis; remodels and other changes to existing structures were excluded as RSG was unable to discern the exact type of improvement and therefore unable to verify that new value would be added to the assessed value role. Home additions were also excluded, to remain conservative.

SUPPLEMENTAL ROLL REVENUE

Supplemental roll revenue is the revenue generated from a supplemental tax bill, which is issued when a property sale occurs or construction is completed after January 1st (the Assessor's cut-off date for the next year's assessment roll). A supplemental tax bill is used for the period between the sale or completion of construction and the next regular tax bill. Supplemental revenue can be unpredictable; consequently, these revenues are not included in the Revenue Projections.

COUNTY COLLECTIONS/DELINQUENCIES

The Agency is on the County's "Teeter Plan", which stabilizes property tax payments at 100% of anticipated receipts. Consequently, delinquent property taxes from secured property tax bills do not impact the Agency's tax increment revenues. Any required Teeter Plan payments are determined at the end of the fiscal year, and distributed to the RPTTF in July.

PROPOSITION 8 REDUCTIONS AND RESTORATIONS

Proposition 13, now Article XIIIA of the State Constitution, states that a property is to be assessed the lesser of current market value or its base value inflated according to the annually published inflationary adjustment described earlier. Proposition 8 is the mechanism by which the assessed value of a property may be temporarily reduced to reflect a market value that is below the property's Proposition 13 value. During the recession, the County Assessor pro-actively reduced vast numbers of properties to reflect the drop in market value many experienced. In 2008-09, the County had about 202,800 properties that had been given a "Proposition 8" value reduction. At that time, the countywide reduction represented about $30 billion in assessed value. Since that time, many property values have been either partially or completely restored by the County Assessor to their "Proposition 13" value, or their base plus annual inflation. In January 2015, the County Assessor still had about 138,000 properties county-wide that had at least a partial Proposition 8 reduction still in place, which represented a reduction of about $16 billion in assessed value. In other words, about half of the assessed values that were reduced following the real estate market crash have been restored. Approximately 21,000 property values were fully restored in January 2015. Data for January 2016 restorations is not yet available, but it is anticipated that the restorations have continued as market values have continued to climb.

TAXING AGENCY PAYMENTS

The HSC recognizes three types of pass throughs to affected taxing agencies: negotiated agreements (Section 33401) typically for project areas formed prior to January 1, 1994; inflationary pass throughs (Section 33676), also applicable to project areas formed prior to January 1, 1994; and statutory pass through agreements (Sections 33607.5 and 33607.7), applicable to project areas formed on or after January 1, 1994 as well as project areas where certain amendments have been made to the redevelopment plan.

The Original Area and Amendment Areas 1 through 4 were formed prior to 1994. As such, the Agency entered into several agreements with affected taxing agencies. These entities are identified in Exhibit 9 and a summary of the terms of each of the agreements is also provided.

Exhibit 9. Pass Through Agreement Summary
Westminster Commercial Redevelopment Project No. 1

Taxing Entity	Areas Covered	Terms
Orange County Water District	Amendments 1, 2, 3, & 4	100% Pass Through
Orange County Superintendent of Schools	Amendment 4	District Portion of Inflationary plus 20% of District Portion of property tax increment less housing, over and above Inflationary
Coast Community College District	Amendments 3 & 4	Amendment 3: District Portion of Inflationary plus 25% of District Portion of property tax increment over and above Inflationary plus 100% of any District override rate Amendment 4: District Portion of Inflationary plus 25% of District Portion of property tax increment over and above Inflationary less Housing
Orange County Vector Control District	Amendments 3 & 4	Amendment 3: 100% of District Share of Revenues less Housing Amendment 4: 80% of District Share of Revenues
Ocean View School District	Amendment 4	District Portion of Inflationary plus 15% of District Portion of property tax increment less housing, over and above Inflationary
Orange County Sanitary District No. 3	Amendment 4	100% of District Share of Revenues less Housing
Huntington Beach Union High School District	Amendments 3 & 4	Amendment 3: District Portion of Inflationary Amendment 4: District Portion of Inflationary plus 30% of District Portion of revenue over and above Inflationary less Housing
Orange County Taxing Entities	Amendements 2, 3, & 4	100% PT for Flood Control and Public Library. For County Gen Fund & Harbors, Beaches & Parks, variable share up to $8m retained by the Agency (Cap): Amendment 2: 1987 to 1997 No PT, 1997 to 2007 30%, 2007 to End 70% until Cap then 100% Amendment 3: 1989 to 1999 No PT, 1999 to 2009 30%, 2009 to Cap 70%, Cap to End 100% Amendment 4: 1991-2001 No PT, 2001 to 2011 30%, 2011 to Cap 70%, Cap to End 100%
Midway City Sanitation District	Amendments 3 & 4	District Portion of Inflationary plus a % of Amendments 3 & 4 Added Areas TI Revenue less Housing Set Aside: Amendment 3: 1989 to 1996 25%, 1996 to 2009 75%, 2009 to End 100% Amendment 4: 1991 to 1997 20%, 1998 to 2010 70%, 2011 to End 95%
Metropolitan Water District of So. CA	Amendment 3	100% of District Share of Revenues from the Amendment 3 Added Area
Westminster School District	Amendments 3 & 4	District Portion of Inflationary plus 15% of District Portion of property tax increment (less housing in Amendment 4 area only)

Source: Taxing Agency Agreements

Inflationary Pass Throughs and the Santa Ana Unified School District Decision

Pursuant to the Court of Appeals decision in Santa Ana Unified School District vs. Orange County Development Agency, school and community college districts are automatically entitled to payments derived by increasing the base year value of taxable real property in the project area by an inflationary factor of not greater than two percent per year (the “2 Percent Allocation”) from redevelopment project areas adopted between January 1, 1985 and December 31, 1993. The 2 Percent Allocation payments are the school districts’ percentage share of the inflationary revenues that may not exceed 2% per year pursuant to Proposition 13. In most of the Amendment Areas, the school district taxing entities already had pass-through agreements in place at the time of the Court decision. For those taxing entities that did not have pass-through agreements in place, the County began withholding those 2% allocation payments. Specifically, the following entities receive inflationary pass throughs pursuant to HSC Section 33676.

- Amendment Area 1: OC Department of Education, Coast Community College District, Huntington Beach High School District, and Westminster Elementary School District. Additionally, the County of Orange, OC Flood Control, OC Parks, and OC Library also elected to receive inflationary pass throughs in this subarea. This is the only instance of non-school entities receiving a payment of this kind in the Project Area.
- Amendment Area 2: OC Department of Education, Coast Community College District, Huntington Beach High School District, Westminster Elementary School District, Garden Grove Unified School District, and the Ocean View Elementary District.
- Amendment Area 3: OC Department of Education and Garden Grove Unified School District.
- Amendment Area 4: Garden Grove Unified School District.

AB 1290 Statutory Pass Through Payments

Because the Amendment 5 Area was added after AB 1290 went into effect in 1994, the taxing agency payments are made pursuant to §33607.5 of CRL ("Statutory Payments").

LOW AND MODERATE INCOME HOUSING FUND DEPOSITS

Dissolution Law no longer requires that the Agency deposit 20% of the tax increment received by into a Low and Moderate Income Housing Fund. As such, all tax increment revenues net of County and State administrative charges and taxing agency pass through payments are available to fund repayment of debt.

ASSESSMENT APPEALS

Property owners who believe that their taxable valuation is above a property's market valuation may file a "Decline-in-Value" application. Historical information regarding assessment appeals for the Project Area was collected from the Orange County Assessment Appeals Board ("Appeals Board") and tabulated in Exhibits 10A and 10B. As illustrated, the number of assessment appeals requests in the Project Area has declined since 2011-12, although the total value of the requested reductions has not necessarily. In fact, overall, the value of granted reductions as a proportion of the total Project Area value was higher in 2014-15 than it was in 2011-12. However, in all years, the granted reductions were less than half a percent of the total assessed value of the Project Area / Pledged Areas.

Exhibits 10A and 10B summarize the assessment appeal history of the Project Area and Pledged Areas (through March 14, 2016).

Exhibit 10A. Assessment Appeal History

Westminster Commercial Redevelopment Project No. 1

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/No Change/ Invalid	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	2	9	118	129	537,533,460	6.49%	243,132,791	2.94%	124,000	0.00%	62,000	232,239,968	2.80%	$8,279,643,537
2014-15	60	98	72	230	795,943,118	10.43%	346,473,157	4.54%	26,035,627	0.34%	433,927	211,097,331	2.77%	$7,628,668,713
2013-14	77	107	50	234	477,544,660	6.65%	194,902,571	2.72%	15,526,634	0.22%	201,645	89,182,373	1.24%	$7,176,140,802
2012-13	93	138	42	273	598,819,072	8.53%	229,113,129	3.26%	17,147,424	0.24%	184,381	73,692,028	1.05%	$7,023,383,445
2011-12	87	175	52	314	510,475,978	7.36%	190,705,759	2.75%	17,974,747	0.26%	206,606	34,120,397	0.49%	$6,935,761,541
	319	527	334	1180			$1,204,327,407		$76,808,432		$1,088,559	$640,332,097		

Historical Rate of Stipulated/Reduced Appeals	27%
Average Granted Reduction as Percentage of Requested Reduction[3]	6%

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Exhibit 10B. Assessment Appeal History

Westminster Commercial Redevelopment Project No. 1 - Pledged Areas

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/No Change/ Invalid	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	2	7	82	91	253,097,033	3.52%	78,815,326	1.10%	124,000	0.00%	62,000	68,944,804	0.96%	$7,184,218,268
2014-15	52	85	41	178	367,176,854	5.52%	143,271,317	2.16%	24,433,613	0.37%	469,877	36,279,174	0.55%	$6,647,916,498
2013-14	74	79	25	178	298,441,932	4.77%	116,676,231	1.87%	14,023,615	0.22%	189,508	76,307,641	1.22%	$6,253,206,306
2012-13	85	102	28	215	316,196,197	5.18%	121,419,108	1.99%	12,932,614	0.21%	152,148	34,388,332	0.56%	$6,099,224,598
2011-12	82	145	33	260	350,839,799	5.81%	131,784,877	2.18%	15,954,150	0.26%	194,563	29,516,875	0.49%	$6,038,395,864
	295	418	209	922			$591,966,859		$67,467,992		$1,068,097	$245,436,826		

Historical Rate of Stipulated/Reduced Appeals	32%
Average Granted Reduction as Percentage of Requested Reduction[3]	11%

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

The Project Area and Pledged Areas have a number of appeals that are still pending over the past five years, as shown in the exhibits. Potential reductions in value are reflected in the Revenue Projections (Appendix A) using the product of the percent average granted reduction and the pending reductions on a subarea basis, resulting in a reduction of about $29.6 million in total. Please see Appendix B for appeals and reductions on a subarea basis.

Top Ten Taxpayer Appeals

Three of the top ten overall taxpayers have filed appeals. Land Partners Co. (first overall in Pledged Areas; located in Amendment Area 5) has two appeals pending, requesting a total reduction of $44,986,609 in assessed value. Land Partners Co. owns the Village Mobile Home Park located at 5880 Garden Grove Boulevard. THW Properties LLC (third overall; located in Amendment Area 5) also has two pending appeals, and is requesting a $9,114,684 reduction in assessed value. THW Properties LLC owns the Windmill Apartments located at 15400 Belgrade Street. CP II Park Lane LLC (fourth overall in Pledged Areas; located in Amendment Area 5) had 36 stipulated appeals, and was granted $1,751,638 in reductions for the 2014-15 fiscal year. This value has been removed from the current year value in the Revenue Projections, as the Appeals Board only recently made a determination. CP II Park Lane LLC owns the Villa Pacific Apartments at 14452 Goldenwest Street.

TAX INCREMENT REVENUE PROJECTIONS

Exhibits 11A and 11B present the tax increment revenue projections for the Project Area and Pledged Areas based upon the assumptions described in this Report. Greater detail by subarea can be found in Appendix A.

Exhibit 11A. Projected Tax Revenues and Estimated Net Revenues for Debt Service

Westminster Commercial Redevelopment Project No. 1

	A	B	C	D
Year	**Gross Tax Increment**	**County Admin Fee (1% of Inc.)**	**Pass-through Payments**	**Tax Increment Net of County Admin Fees & Pass-through Payments (A+B+C)**
2015-16	$ 51,037,331	$ (510,373)	$ (12,365,391)	$ 38,161,567
2016-17	51,245,742	(512,457)	(12,467,292)	38,265,993
2017-18	53,088,430	(530,884)	(13,102,489)	39,455,057
2018-19	54,937,729	(549,377)	(13,739,921)	40,648,430
2019-20	56,517,298	(565,173)	(14,321,013)	41,631,112
2020-21	58,127,373	(581,274)	(14,913,538)	42,632,561
2021-22	59,768,553	(597,686)	(15,517,722)	43,653,145
2022-23	61,441,448	(614,414)	(16,133,797)	44,693,237
2023-24	63,146,683	(631,467)	(16,761,998)	45,753,218
2024-25	64,884,892	(648,849)	(17,402,567)	46,833,476
2025-26	66,656,725	(666,567)	(18,055,749)	47,934,409
2026-27	68,462,841	(684,628)	(18,721,793)	49,056,420
2027-28	70,303,916	(703,039)	(19,400,956)	50,199,921
2028-29	72,180,636	(721,806)	(20,093,497)	51,365,333
2029-30	74,093,704	(740,937)	(20,799,682)	52,553,085
2030-31	76,043,833	(760,438)	(21,519,782)	53,763,613
2031-32	78,031,753	(780,318)	(22,430,295)	54,821,140
2032-33	80,058,208	(800,582)	(23,358,806)	55,898,820
2033-34	82,123,956	(821,240)	(24,305,672)	56,997,045
2034-35	84,229,772	(842,298)	(25,271,258)	58,116,216
2035-36	86,376,442	(863,764)	(26,255,936)	59,256,742
2036-37	88,564,774	(885,648)	(27,260,086)	60,419,041
2037-38	90,795,587	(907,956)	(28,249,094)	61,638,537
2038-39	93,069,719	(930,697)	(29,292,220)	62,846,802
2039-40	95,388,022	(953,880)	(30,355,980)	64,078,162
2040-41	97,751,367	(977,514)	(31,440,785)	65,333,068
2041-42	100,160,641	(1,001,606)	(32,547,054)	66,611,980
2042-43	102,616,748	(1,026,167)	(33,675,214)	67,915,367
2043-44	105,120,612	(1,051,206)	(34,825,699)	69,243,707
2044-45	107,673,175	(1,076,732)	(35,998,954)	70,597,490
2045-46	110,275,397	(1,102,754)	(37,195,431)	71,977,212
Totals	$2,404,173,309	$ (24,041,733)	$ (707,779,672)	$ 1,672,351,903

Sources: RSG Analysis, Official Statement for 2008 Bonds, Taxing Agency Agreements, Redevelopment Plan, Orange County Auditor-Controller Reports, Orange County Assessor data

Note: Projections assume all Project Area Subareas remain active until 2045-46

Exhibit 11B. Projected Tax Revenues and Estimated Net Revenues for Debt Service

Westminster Commercial Redevelopment Project No. 1 - Pledged Area

	A		B		C		D
Year	**Gross Tax Increment**		**County Admin Fee (1% of Inc.)**		**Pass-through Payments**		**Tax Increment Net of County Admin Fees & Pass-through Payments (A+B+C)**
2015-16	$ 42,171,201	$	(421,712)	$	(11,263,590)	$	30,485,899
2016-17	42,315,722		(423,157)		(11,337,293)		30,555,271
2017-18	43,983,869		(439,839)		(11,929,437)		31,614,593
2018-19	45,655,431		(456,554)		(12,522,956)		32,675,921
2019-20	47,054,007		(470,540)		(13,059,256)		33,524,211
2020-21	48,479,771		(484,798)		(13,606,093)		34,388,880
2021-22	49,933,257		(499,333)		(14,163,676)		35,270,248
2022-23	51,415,013		(514,150)		(14,732,218)		36,168,644
2023-24	52,925,595		(529,256)		(15,311,937)		37,084,403
2024-25	54,465,573		(544,656)		(15,903,053)		38,017,865
2025-26	56,035,526		(560,355)		(16,505,793)		38,969,378
2026-27	57,636,045		(576,360)		(17,120,387)		39,939,297
2027-28	59,267,733		(592,677)		(17,747,071)		40,927,985
2028-29	60,931,206		(609,312)		(18,386,084)		41,935,810
2029-30	62,627,090		(626,271)		(19,037,670)		42,963,148
2030-31	64,356,025		(643,560)		(19,702,080)		44,010,384
2031-32	66,118,663		(661,187)		(20,555,790)		44,901,687
2032-33	67,915,670		(679,157)		(21,426,361)		45,810,152
2033-34	69,747,724		(697,477)		(22,314,129)		46,736,118
2034-35	71,615,518		(716,155)		(23,219,435)		47,679,928
2035-36	73,519,757		(735,198)		(24,142,627)		48,641,932
2036-37	75,461,160		(754,612)		(25,084,063)		49,622,486
2037-38	77,440,463		(774,405)		(26,044,103)		50,621,955
2038-39	79,458,413		(794,584)		(27,023,118)		51,640,711
2039-40	81,515,774		(815,158)		(28,021,485)		52,679,131
2040-41	83,613,326		(836,133)		(29,039,590)		53,737,603
2041-42	85,751,863		(857,519)		(30,077,825)		54,816,519
2042-43	87,932,193		(879,322)		(31,136,590)		55,916,281
2043-44	90,155,144		(901,551)		(32,216,294)		57,037,299
2044-45	92,421,558		(924,216)		(33,317,351)		58,179,991
2045-46	94,732,293		(947,323)		(34,440,187)		59,344,783
Totals	$2,036,652,583	$	(20,366,526)	$	(650,387,543)	$	1,365,898,514

Sources: RSG Analysis, Official Statement for 2008 Bonds, Taxing Agency Agreements, Redevelopment Plan, Orange County Auditor-Controller Reports, Orange County Assessor data

Note: Projections assume all Project Area Subareas remain active until 2045-46

Tax Increment Projections **Appendix A1**

Westminster Commercial Redevelopment Project No. 1 - Original Area

	Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Incremental Value	Gross Revenue Tax Increment at 1.0%	County Administrative Charges 1.0%	Net Revenue Available
BY	*1982-83*		*28,980,217*						
1	2015-16		266,814,028	23,005,629	(1,633,273)	260,839,440	2,608,394	26,084	2,582,310
2	2016-17	0.01	267,832,563	23,005,629	(555,470)	261,302,504	2,613,025	26,130	2,586,895
3	2017-18	0.01	269,949,863	23,005,629		263,975,275	2,639,753	26,398	2,613,355
4	2018-19	0.01	272,649,362	23,005,629		266,674,774	2,666,748	26,667	2,640,080
5	2019-20	0.01	275,375,855	23,005,629		269,401,267	2,694,013	26,940	2,667,073
6	2020-21	0.01	278,129,614	23,005,629		272,155,026	2,721,550	27,216	2,694,335
7	2021-22	0.01	280,910,910	23,005,629		274,936,322	2,749,363	27,494	2,721,870
8	2022-23	0.01	283,720,019	23,005,629		277,745,431	2,777,454	27,775	2,749,680
9	2023-24	0.01	286,557,219	23,005,629		280,582,631	2,805,826	28,058	2,777,768
10	2024-25	0.01	289,422,792	23,005,629		283,448,204	2,834,482	28,345	2,806,137
11	2025-26	0.01	292,317,019	23,005,629		286,342,431	2,863,424	28,634	2,834,790
12	2026-27	0.01	295,240,190	23,005,629		289,265,602	2,892,656	28,927	2,863,729
13	2027-28	0.01	298,192,592	23,005,629		292,218,004	2,922,180	29,222	2,892,958
14	2028-29	0.01	301,174,517	23,005,629		295,199,929	2,951,999	29,520	2,922,479
15	2029-30	0.01	304,186,263	23,005,629		298,211,675	2,982,117	29,821	2,952,296
16	2030-31	0.01	307,228,125	23,005,629		301,253,537	3,012,535	30,125	2,982,410
17	2031-32	0.01	310,300,407	23,005,629		304,325,819	3,043,258	30,433	3,012,826
18	2032-33	0.01	313,403,411	23,005,629		307,428,823	3,074,288	30,743	3,043,545
19	2033-34	0.01	316,537,445	23,005,629		310,562,857	3,105,629	31,056	3,074,572
20	2034-35	0.01	319,702,819	23,005,629		313,728,231	3,137,282	31,373	3,105,909
21	2035-36	0.01	322,899,847	23,005,629		316,925,259	3,169,253	31,693	3,137,560
22	2036-37	0.01	326,128,846	23,005,629		320,154,258	3,201,544	32,015	3,169,528
23	2037-38	0.01	329,390,134	23,005,629		323,415,546	3,234,157	32,342	3,201,816
24	2038-39	0.01	332,684,036	23,005,629		326,709,448	3,267,097	32,671	3,234,427
25	2039-40	0.01	336,010,876	23,005,629		330,036,288	3,300,367	33,004	3,267,363
26	2040-41	0.01	339,370,985	23,005,629		333,396,397	3,333,969	33,340	3,300,629
27	2041-42	0.01	342,764,695	23,005,629		336,790,107	3,367,907	33,679	3,334,228
28	2042-43	0.01	346,192,342	23,005,629		340,217,754	3,402,185	34,022	3,368,163
29	2043-44	0.01	349,654,265	23,005,629		343,679,677	3,436,805	34,368	3,402,437
30	2044-45	0.01	353,150,808	23,005,629		347,176,220	3,471,771	34,718	3,437,053
31	2045-46	0.01	356,682,316	23,005,629		350,707,728	3,507,087	35,071	3,472,016
							93,788,120	937,881	92,850,238

Notes:

1. The last day to collect tax increment is July 12, 2036 according to the Redevelopment Plan. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

Sources: County Auditor Controller, City of Westminster, Westminster Corridor Redevelopment Plan, RSG

Tax Increment Projections **Appendix A2**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 1

Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Incremental Value	Gross Revenue Tax Increment at 1.0%	County Administrative Charges 1.0%	Orange County Water District 100% Pass Through 0.7548%	Taxing Agencies 2% Inflator Pass Through	Net Revenue Available
BY 1985/86		*14,965,993*								
1 2015-16		27,810,101	2,479,571		15,323,679	153,237	1,532	1,157	60,361	90,187
2 2016-17	0.01	28,088,202	2,479,571		15,601,780	156,018	1,560	1,178	62,615	90,665
3 2017-18	0.01	28,369,084	2,479,571		15,882,662	158,827	1,588	1,199	65,616	90,423
4 2018-19	0.01	28,652,775	2,479,571		16,166,353	161,664	1,617	1,220	68,678	90,149
5 2019-20	0.01	28,939,303	2,479,571		16,452,881	164,529	1,645	1,242	71,801	89,841
6 2020-21	0.01	29,228,696	2,479,571		16,742,274	167,423	1,674	1,264	74,986	89,499
7 2021-22	0.01	29,520,983	2,479,571		17,034,561	170,346	1,703	1,286	78,235	89,122
8 2022-23	0.01	29,816,192	2,479,571		17,329,770	173,298	1,733	1,308	81,549	88,708
9 2023-24	0.01	30,114,354	2,479,571		17,627,932	176,279	1,763	1,331	84,929	88,257
10 2024-25	0.01	30,415,498	2,479,571		17,929,076	179,291	1,793	1,353	88,376	87,768
11 2025-26	0.01	30,719,653	2,479,571		18,233,231	182,332	1,823	1,376	91,893	87,240
12 2026-27	0.01	31,026,849	2,479,571		18,540,427	185,404	1,854	1,399	95,480	86,671
13 2027-28	0.01	31,337,118	2,479,571		18,850,696	188,507	1,885	1,423	99,139	86,060
14 2028-29	0.01	31,650,489	2,479,571		19,164,067	191,641	1,916	1,446	102,871	85,407
15 2029-30	0.01	31,966,994	2,479,571		19,480,572	194,806	1,948	1,470	106,677	84,710
16 2030-31	0.01	32,286,664	2,479,571		19,800,242	198,002	1,980	1,494	110,560	83,968
17 2031-32	0.01	32,609,531	2,479,571		20,123,109	201,231	2,012	1,519	114,521	83,179
18 2032-33	0.01	32,935,626	2,479,571		20,449,204	204,492	2,045	1,543	118,560	82,343
19 2033-34	0.01	33,264,982	2,479,571		20,778,560	207,786	2,078	1,568	122,681	81,459
20 2034-35	0.01	33,597,632	2,479,571		21,111,210	211,112	2,111	1,593	126,883	80,524
21 2035-36	0.01	33,933,608	2,479,571		21,447,186	214,472	2,145	1,619	131,170	79,538
22 2036-37	0.01	34,272,944	2,479,571		21,786,522	217,865	2,179	1,644	135,543	78,499
23 2037-38	0.01	34,615,674	2,479,571		22,129,252	221,293	2,213	1,670	105,002	112,407
24 2038-39	0.01	34,961,831	2,479,571		22,475,409	224,755	2,248	1,696	108,414	112,397
25 2039-40	0.01	35,311,449	2,479,571		22,825,027	228,252	2,283	1,723	111,894	112,353
26 2040-41	0.01	35,664,563	2,479,571		23,178,141	231,784	2,318	1,749	115,444	112,273
27 2041-42	0.01	36,021,209	2,479,571		23,534,787	235,352	2,354	1,776	119,065	112,157
28 2042-43	0.01	36,381,421	2,479,571		23,894,999	238,955	2,390	1,804	122,758	112,004
29 2043-44	0.01	36,745,235	2,479,571		24,258,813	242,594	2,426	1,831	126,525	111,812
30 2044-45	0.01	37,112,688	2,479,571		24,626,266	246,270	2,463	1,859	130,367	111,581
31 2045-46	0.01	37,483,814	2,479,571		24,997,392	249,982	2,500	1,887	134,286	111,309
						6,177,797	61,778	46,629	3,166,878	2,902,511

Notes:

1. The last day to collect increment is April 22, 2038 according to the Redevelopment Plan. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

Sources: County Auditor Controller, City of Westminster, Westminster Corridor Redevelopment Plan, Taxing Agency Agreements, RSG

Tax Increment Projections **Appendix A3**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 2

	Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Incremental Value	Gross Revenue Tax Increment at 1.0%	County Administrative Charges 1.0%	Total Pass Throughs	Net Revenue Available
BY	*1986/87*		*163,487,477*							
1	2015-16		720,753,273	54,562,667	(1,378,631)	610,449,832	6,104,498	61,045	1,040,284	5,003,170
2	2016-17	0.01525	730,345,105	54,562,667	(5,322,567)	616,097,729	6,160,977	61,610	1,066,206	5,033,161
3	2017-18	0.02	739,522,989	54,562,667		630,598,179	6,305,982	63,060	1,106,236	5,136,686
4	2018-19	0.02	754,313,449	54,562,667		645,388,639	6,453,886	64,539	1,147,067	5,242,280
5	2019-20	0.02	769,399,718	54,562,667		660,474,908	6,604,749	66,047	1,188,715	5,349,987
6	2020-21	0.02	784,787,713	54,562,667		675,862,903	6,758,629	67,586	1,231,195	5,459,848
7	2021-22	0.02	800,483,467	54,562,667		691,558,657	6,915,587	69,156	1,274,525	5,571,906
8	2022-23	0.02	816,493,136	54,562,667		707,568,326	7,075,683	70,757	1,318,722	5,686,205
9	2023-24	0.02	832,822,999	54,562,667		723,898,189	7,238,982	72,390	1,363,802	5,802,790
10	2024-25	0.02	849,479,459	54,562,667		740,554,649	7,405,546	74,055	1,409,785	5,921,706
11	2025-26	0.02	866,469,048	54,562,667		757,544,238	7,575,442	75,754	1,456,686	6,043,002
12	2026-27	0.02	883,798,429	54,562,667		774,873,619	7,748,736	77,487	1,504,526	6,166,722
13	2027-28	0.02	901,474,398	54,562,667		792,549,588	7,925,496	79,255	1,553,323	6,292,918
14	2028-29	0.02	919,503,886	54,562,667		810,579,076	8,105,791	81,058	1,603,096	6,421,637
15	2029-30	0.02	937,893,963	54,562,667		828,969,153	8,289,692	82,897	1,653,864	6,552,931
16	2030-31	0.02	956,651,843	54,562,667		847,727,033	8,477,270	84,773	1,705,647	6,686,851
17	2031-32	0.02	975,784,879	54,562,667		866,860,069	8,668,601	86,686	1,758,466	6,823,448
18	2032-33	0.02	995,300,577	54,562,667		886,375,767	8,863,758	88,638	1,812,342	6,962,778
19	2033-34	0.02	1,015,206,588	54,562,667		906,281,778	9,062,818	90,628	1,867,295	7,104,895
20	2034-35	0.02	1,035,510,720	54,562,667		926,585,910	9,265,859	92,659	1,923,347	7,249,854
21	2035-36	0.02	1,056,220,935	54,562,667		947,296,125	9,472,961	94,730	1,980,520	7,397,712
22	2036-37	0.02	1,077,345,353	54,562,667		968,420,543	9,684,205	96,842	2,038,836	7,548,527
23	2037-38	0.02	1,098,892,260	54,562,667		989,967,450	9,899,675	98,997	2,098,319	7,702,359
24	2038-39	0.02	1,120,870,106	54,562,667		1,011,945,296	10,119,454	101,195	2,158,992	7,859,268
25	2039-40	0.02	1,143,287,508	54,562,667		1,034,362,698	10,343,629	103,436	2,220,878	8,019,315
26	2040-41	0.02	1,166,153,258	54,562,667		1,057,228,448	10,572,287	105,723	2,284,002	8,182,563
27	2041-42	0.02	1,189,476,323	54,562,667		1,080,551,513	10,805,519	108,055	2,348,388	8,349,076
28	2042-43	0.02	1,213,265,850	54,562,667		1,104,341,040	11,043,415	110,434	2,414,062	8,518,919
29	2043-44	0.02	1,237,531,166	54,562,667		1,128,606,356	11,286,070	112,861	2,481,049	8,692,159
30	2044-45	0.02	1,262,281,790	54,562,667		1,153,356,980	11,533,577	115,336	2,549,377	8,868,864
31	2045-46	0.02	1,287,527,426	54,562,667		1,178,602,616	11,786,034	117,860	2,619,070	9,049,103
							267,554,809	2,675,548	54,178,621	210,700,640

Notes:

1 The Redevelopment Plan limits tax increment collections after June 23, 2038. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

Sources: County Auditor Controller, City of Westminster, Westminster Corridor Redevelopment Plan, Taxing Agency Agreements, RSG

Tax Increment Projections **Appendix A4**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 3

Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Incremental Value	Gross Revenue Tax Increment at 1.0%	Net Tax Increment	County Administrative Fees 1.0%	Total Pass Throughs	Net Revenue Available
BY 1988-89		59,549,989								
1 2015-16		336,094,811	17,291,542	(1,090,158)	292,746,206	2,927,462	2,344,574	29,275	646,350	2,251,837
2 2016-17	0.01525	340,113,474	17,291,542	(413,835)	297,441,192	2,974,412	2,382,241	29,744	660,559	2,284,108
3 2017-18	0.02	346,493,632	17,291,542	21,804,000	326,039,185	3,260,392	2,611,167	32,604	717,056	2,510,732
4 2018-19	0.02	375,663,585	17,291,542	21,804,000	355,209,138	3,552,091	2,844,671	35,521	774,683	2,741,888
5 2019-20	0.02	405,416,936	17,291,542		363,158,489	3,631,585	2,908,414	36,316	796,797	2,798,472
6 2020-21	0.02	413,525,275	17,291,542		371,266,828	3,712,668	2,973,432	37,127	819,353	2,856,188
7 2021-22	0.02	421,795,781	17,291,542		379,537,334	3,795,373	3,039,749	37,954	842,361	2,915,059
8 2022-23	0.02	430,231,696	17,291,542		387,973,249	3,879,732	3,107,394	38,797	865,829	2,975,106
9 2023-24	0.02	438,836,330	17,291,542		396,577,883	3,965,779	3,176,391	39,658	889,766	3,036,355
10 2024-25	0.02	447,613,057	17,291,542		405,354,610	4,053,546	3,246,768	40,535	914,182	3,098,829
11 2025-26	0.02	456,565,318	17,291,542		414,306,871	4,143,069	3,318,552	41,431	939,086	3,162,552
12 2026-27	0.02	465,696,624	17,291,542		423,438,177	4,234,382	3,391,773	42,344	964,488	3,227,550
13 2027-28	0.02	475,010,557	17,291,542		432,752,110	4,327,521	3,466,457	43,275	990,398	3,293,848
14 2028-29	0.02	484,510,768	17,291,542		442,252,321	4,422,523	3,542,636	44,225	1,016,827	3,361,471
15 2029-30	0.02	494,200,983	17,291,542		451,942,536	4,519,425	3,620,338	45,194	1,043,784	3,430,448
16 2030-31	0.02	504,085,003	17,291,542		461,826,556	4,618,266	3,699,594	46,183	1,071,280	3,500,803
17 2031-32	0.02	514,166,703	17,291,542		471,908,256	4,719,083	3,780,435	47,191	1,099,326	3,572,566
18 2032-33	0.02	524,450,037	17,291,542		482,191,590	4,821,916	3,862,893	48,219	1,127,933	3,645,764
19 2033-34	0.02	534,939,038	17,291,542		492,680,591	4,926,806	3,947,000	49,268	1,157,112	3,720,426
20 2034-35	0.02	545,637,818	17,291,542		503,379,371	5,033,794	4,032,789	50,338	1,186,875	3,796,581
21 2035-36	0.02	556,550,575	17,291,542		514,292,128	5,142,921	4,120,294	51,429	1,217,233	3,874,259
22 2036-37	0.02	567,681,586	17,291,542		525,423,139	5,254,231	4,209,549	52,542	1,248,198	3,953,491
23 2037-38	0.02	579,035,218	17,291,542		536,776,771	5,367,768	4,300,590	53,678	1,279,782	4,034,308
24 2038-39	0.02	590,615,922	17,291,542		548,357,475	5,483,575	4,393,451	54,836	1,311,998	4,116,741
25 2039-40	0.02	602,428,241	17,291,542		560,169,794	5,601,698	4,488,169	56,017	1,344,859	4,200,822
26 2040-41	0.02	614,476,806	17,291,542		572,218,359	5,722,185	4,584,782	57,222	1,378,378	4,286,585
27 2041-42	0.02	626,766,342	17,291,542		584,507,895	5,845,081	4,683,328	58,451	1,412,567	4,374,063
28 2042-43	0.02	639,301,669	17,291,542		597,043,222	5,970,435	4,783,844	59,704	1,447,440	4,463,291
29 2043-44	0.02	652,087,702	17,291,542		609,829,255	6,098,297	4,886,371	60,983	1,483,010	4,554,304
30 2044-45	0.02	665,129,456	17,291,542		622,871,009	6,228,715	4,990,949	62,287	1,519,292	4,647,136
31 2045-46	0.02	678,432,045	17,291,542		636,173,598	6,361,742	5,097,618	63,617	1,556,299	4,741,825
						144,596,472	115,836,212	1,445,965	33,723,098	109,427,410

Notes:

1. The Redevelopment Plan limits tax increment collections on July 11, 2040. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

Sources: County Auditor Controller, City of Westminster, Westminster Corridor Redevelopment Plan, Taxing Agency Agreements, RSG

Tax Increment Projections **Appendix A5**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 4

Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Total Secured & Unsec. Value	Incremental Value	Gross Tax Increment 1.0%	County Administrative Fees 1.0%	Total Pass Throughs	Net Revenue Available
Base Year		305,633,967								
1 2015-16		769,105,019	85,816,734	(3,816,404)	851,105,349	545,471,382	5,454,714	54,547	1,949,988	3,450,179
2 2016-17	0.01	772,941,501	85,816,734	(4,208,857)	854,549,379	548,915,412	5,489,154	54,892	1,986,250	3,448,013
3 2017-18	0.01	776,419,971	85,816,734	353,698	862,590,403	556,956,436	5,569,564	55,696	2,042,851	3,471,018
4 2018-19	0.01	784,541,406	85,816,734		870,358,140	564,724,173	5,647,242	56,472	2,099,539	3,491,231
5 2019-20	0.01	792,386,820	85,816,734		878,203,554	572,569,587	5,725,696	57,257	2,157,173	3,511,266
6 2020-21	0.01	800,310,688	85,816,734		886,127,422	580,493,455	5,804,935	58,049	2,215,771	3,531,114
7 2021-22	0.01	808,313,795	85,816,734		894,130,529	588,496,562	5,884,966	58,850	2,275,351	3,550,765
8 2022-23	0.01	816,396,933	85,816,734		902,213,667	596,579,700	5,965,797	59,658	2,335,929	3,570,210
9 2023-24	0.01	824,560,902	85,816,734		910,377,636	604,743,669	6,047,437	60,474	2,397,525	3,589,438
10 2024-25	0.01	832,806,511	85,816,734		918,623,245	612,989,278	6,129,893	61,299	2,460,155	3,608,438
11 2025-26	0.01	841,134,576	85,816,734		926,951,310	621,317,343	6,213,173	62,132	2,523,840	3,627,201
12 2026-27	0.01	849,545,922	85,816,734		935,362,656	629,728,689	6,297,287	62,973	2,588,598	3,645,716
13 2027-28	0.01	858,041,381	85,816,734		943,858,115	638,224,148	6,382,241	63,822	2,654,449	3,663,970
14 2028-29	0.01	866,621,795	85,816,734		952,438,529	646,804,562	6,468,046	64,680	2,721,412	3,681,953
15 2029-30	0.01	875,288,013	85,816,734		961,104,747	655,470,780	6,554,708	65,547	2,789,508	3,699,652
16 2030-31	0.01	884,040,893	85,816,734		969,857,627	664,223,660	6,642,237	66,422	2,858,758	3,717,057
17 2031-32	0.01	892,881,302	85,816,734		978,698,036	673,064,069	6,730,641	67,306	2,929,181	3,734,153
18 2032-33	0.01	901,810,115	85,816,734		987,626,849	681,992,882	6,819,929	68,199	3,000,800	3,750,929
19 2033-34	0.01	910,828,216	85,816,734		996,644,950	691,010,983	6,910,110	69,101	3,073,637	3,767,372
20 2034-35	0.01	919,936,498	85,816,734		1,005,753,232	700,119,265	7,001,193	70,012	3,147,713	3,783,468
21 2035-36	0.01	929,135,863	85,816,734		1,014,952,597	709,318,630	7,093,186	70,932	3,223,051	3,799,203
22 2036-37	0.01	938,427,222	85,816,734		1,024,243,956	718,609,989	7,186,100	71,861	3,299,675	3,814,564
23 2037-38	0.01	947,811,494	85,816,734		1,033,628,228	727,994,261	7,279,943	72,799	3,377,608	3,829,536
24 2038-39	0.01	957,289,609	85,816,734		1,043,106,343	737,472,376	7,374,724	73,747	3,456,873	3,844,104
25 2039-40	0.01	966,862,505	85,816,734		1,052,679,239	747,045,272	7,470,453	74,705	3,537,495	3,858,253
26 2040-41	0.01	976,531,130	85,816,734		1,062,347,864	756,713,897	7,567,139	75,671	3,619,500	3,871,968
27 2041-42	0.01	986,296,442	85,816,734		1,072,113,176	766,479,209	7,664,792	76,648	3,702,911	3,885,233
28 2042-43	0.01	996,159,406	85,816,734		1,081,976,140	776,342,173	7,763,422	77,634	3,787,757	3,898,030
29 2043-44	0.01	1,006,121,000	85,816,734		1,091,937,734	786,303,767	7,863,038	78,630	3,874,063	3,910,344
30 2044-45	0.01	1,016,182,210	85,816,734		1,101,998,944	796,364,977	7,963,650	79,636	3,961,855	3,922,159
31 2045-46	0.01	1,026,344,032	85,816,734		1,112,160,766	806,526,799	8,065,268	80,653	4,051,160	3,933,455
							207,030,674	2,070,307	90,100,376	114,859,991

Notes:

1. The Redevelopment Plan limits tax increment collections after July 14, 2042. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

Sources: County Auditor Controller, City of Westminster, Westminster Corridor Redevelopment Plan, Taxing Agency Agreements, RSG

Tax Increment Projections **Appendix A6**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 5

	Fiscal Year	Secured Growth Factor	Secured Value	Unsecured Value Forecasted Growth at 0.00%	Projected New Development & Sales Less Appeals Reduction	Total Secured & Unsec. Value	Incremental Value	Gross Tax Increment at 1.0%	County Administrative Charges 1.0%	Total Pass Throughs	Net Revenue Available
BY	1999-00	Adjusted	2,594,426,800								
1	2015-16		5,874,891,456	101,018,706	(2,580,818)	5,973,329,344	3,378,902,544	33,789,025	337,890	8,667,252	24,783,883
2	2016-17	0.01525	5,961,863,375	36,892,659	(19,113,660)	5,979,642,374	3,385,215,574	33,852,156	338,522	8,690,484	24,823,150
3	2017-18	0.02	6,061,604,709	36,892,659	11,320,710	6,109,818,078	3,515,391,278	35,153,913	351,539	9,169,530	25,632,843
4	2018-19	0.02	6,194,383,928	36,892,659	8,760,000	6,240,036,587	3,645,609,787	36,456,098	364,561	9,648,734	26,442,802
5	2019-20	0.02	6,327,206,806	36,892,659		6,364,099,465	3,769,672,665	37,696,727	376,967	10,105,286	27,214,474
6	2020-21	0.02	6,453,750,942	36,892,659		6,490,643,601	3,896,216,801	38,962,168	389,622	10,570,968	28,001,578
7	2021-22	0.02	6,582,825,961	36,892,659		6,619,718,620	4,025,291,820	40,252,918	402,529	11,045,964	28,804,425
8	2022-23	0.02	6,714,482,481	36,892,659		6,751,375,140	4,156,948,340	41,569,483	415,695	11,530,460	29,623,328
9	2023-24	0.02	6,848,772,130	36,892,659		6,885,664,789	4,291,237,989	42,912,380	429,124	12,024,646	30,458,610
10	2024-25	0.02	6,985,747,573	36,892,659		7,022,640,232	4,428,213,432	44,282,134	442,821	12,528,716	31,310,597
11	2025-26	0.02	7,125,462,524	36,892,659		7,162,355,183	4,567,928,383	45,679,284	456,793	13,042,867	32,179,624
12	2026-27	0.02	7,267,971,775	36,892,659		7,304,864,434	4,710,437,634	47,104,376	471,044	13,567,301	33,066,032
13	2027-28	0.02	7,413,331,210	36,892,659		7,450,223,869	4,855,797,069	48,557,971	485,580	14,102,224	33,970,167
14	2028-29	0.02	7,561,597,834	36,892,659		7,598,490,493	5,004,063,693	50,040,637	500,406	14,647,845	34,892,386
15	2029-30	0.02	7,712,829,791	36,892,659		7,749,722,450	5,155,295,650	51,552,957	515,530	15,204,378	35,833,048
16	2030-31	0.02	7,867,086,387	36,892,659		7,903,979,046	5,309,552,246	53,095,522	530,955	15,772,043	36,792,524
17	2031-32	0.02	8,024,428,115	36,892,659		8,061,320,774	5,466,893,974	54,668,940	546,689	16,527,283	37,594,967
18	2032-33	0.02	8,184,916,677	36,892,659		8,221,809,336	5,627,382,536	56,273,825	562,738	17,297,628	38,413,459
19	2033-34	0.02	8,348,615,010	36,892,659		8,385,507,669	5,791,080,869	57,910,809	579,108	18,083,380	39,248,320
20	2034-35	0.02	8,515,587,311	36,892,659		8,552,479,970	5,958,053,170	59,580,532	595,805	18,884,847	40,099,879
21	2035-36	0.02	8,685,899,057	36,892,659		8,722,791,716	6,128,364,916	61,283,649	612,836	19,702,344	40,968,469
22	2036-37	0.02	8,859,617,038	36,892,659		8,896,509,697	6,302,082,897	63,020,829	630,208	20,536,190	41,854,431
23	2037-38	0.02	9,036,809,379	36,892,659		9,073,702,038	6,479,275,238	64,792,752	647,928	21,386,713	42,758,112
24	2038-39	0.02	9,217,545,566	36,892,659		9,254,438,225	6,660,011,425	66,600,114	666,001	22,254,247	43,679,866
25	2039-40	0.02	9,401,896,478	36,892,659		9,438,789,137	6,844,362,337	68,443,623	684,436	23,139,131	44,620,056
26	2040-41	0.02	9,589,934,407	36,892,659		9,626,827,066	7,032,400,266	70,324,003	703,240	24,041,713	45,579,049
27	2041-42	0.02	9,781,733,095	36,892,659		9,818,625,754	7,224,198,954	72,241,990	722,420	24,962,347	46,557,223
28	2042-43	0.02	9,977,367,757	36,892,659		10,014,260,416	7,419,833,616	74,198,336	741,983	25,901,393	47,554,959
29	2043-44	0.02	10,176,915,112	36,892,659		10,213,807,771	7,619,380,971	76,193,810	761,938	26,859,221	48,572,651
30	2044-45	0.02	10,380,453,415	36,892,659		10,417,346,074	7,822,919,274	78,229,193	782,292	27,836,204	49,610,696
31	2045-46	0.02	10,588,062,483	36,892,659		10,624,955,142	8,030,528,342	80,305,283	803,053	28,832,728	50,669,503
								1,685,025,437	16,850,254	526,564,069	1,141,611,114

Notes:

1. The Redevelopment Plan limits tax increment collections after July 12, 2046. Pursuant to Health and Safety Code Section 34189(a), this limitation has been removed.

2. Reduction of unsecured value between FY 2015-16 and FY 2016-17 is based on analysis of the unsecured assessment roll, showing multiple years of prior uncharged assessments for two parcels, which account for a significant portion of the total unsecured value reported by the County Auditor Controller. These assessments are not expected in the future.

Sources: County Auditor Controller Reports, County Assessor, City of Westminster, Westminster Corridor Redevelopment Plan, RSG

Assessment Appeal History **Appendix B1**

Westminster Commercial Redevelopment Project No. 1 - Original Area

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	0	2	11	13	19,384,698	6.69%	7,665,818	2.65%	-	0.00%	-	6,643,517	0.96%	$289,819,657
2014-15	5	5	6	16	30,536,278	10.79%	11,895,087	4.20%	700,126	0.25%	140,025	3,813,308	0.55%	$283,135,188
2013-14	2	6	9	17	21,505,909	7.75%	8,923,766	3.22%	656,948	0.24%	328,474	1,987,986	1.22%	$277,413,880
2012-13	4	7	3	14	73,554,920	26.39%	26,271,117	9.43%	1,016,064	0.36%	254,016	2,006,757	0.56%	$278,697,946
2011-12	1	9	5	15	54,779,489	20.17%	14,434,519	5.32%	69,146	0.03%	69,146	1,284,998	0.49%	$271,544,467
	12	29	34	75			$69,190,307		$2,442,284		$791,661	$15,736,566		

Historical Rate of Stipulated/Reduced Appeals 16%

Average Granted Reduction as Percentage of Requested Reduction[3] 4% Assumed reduction: $ 555,470

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Assessment Appeal History **Appendix B2**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 1

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	0	0	0	0	0	0.00%	0	0.00%	-	0.00%	-	-	0.00%	$30,289,672
2014-15	0	0	0	0	0	0.00%	0	0.00%	-	0.00%	-	-	0.00%	$28,990,166
2013-14	0	1	0	1	1,116,195	3.62%	447,195	1.45%	-	0.00%	-	-	0.00%	$30,850,510
2012-13	1	5	0	6	8,833,636	32.21%	3,756,944	13.70%	200,604	0.73%	200,604	-	0.00%	$27,424,586
2011-12	0	5	0	5	7,703,384	28.26%	4,844,860	17.77%	-	0.00%	-	-	0.00%	$27,259,661
	1	11	0	12			$9,048,999		$200,604		$200,604	$0		

Historical Rate of Stipulated/Reduced Appeals 8%

Average Granted Reduction as Percentage of Requested Reduction[3] 2% Assumed reduction: $ -

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Assessment Appeal History **Appendix B3**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 2

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	0	0	25	25	265,051,729	34.19%	156,651,647	20.20%	-	0.00%	-	156,651,647	20.20%	$775,315,940
2014-15	3	8	25	36	398,229,986	59.56%	191,306,753	28.61%	901,888	0.13%	300,629	171,004,849	25.58%	$668,626,861
2013-14	1	21	16	38	156,480,624	25.46%	68,855,379	11.20%	846,071	0.14%	846,071	56,195,951	9.14%	$614,670,106
2012-13	3	24	11	38	200,234,319	32.40%	77,665,960	12.57%	2,998,142	0.49%	999,381	37,296,939	6.03%	$618,036,315
2011-12	4	16	14	34	97,153,306	16.23%	39,641,503	6.62%	1,951,451	0.33%	487,863	3,318,524	0.55%	$598,561,549
	11	69	91	171			$534,121,242		$6,697,552		$2,633,944	$424,467,910		

Historical Rate of Stipulated/Reduced Appeals	6%		
Average Granted Reduction as Percentage of Requested Reduction[3]	1%	Assumed reduction:	$ 5,322,567

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Assessment Appeal History **Appendix B4**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 3

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	0	0	5	5	10,001,834	2.83%	4,791,474	1.36%	-	0.00%	-	4,791,474	1.36%	$353,386,353
2014-15	2	6	3	11	21,387,373	6.43%	9,976,373	3.00%	247,507	0.07%	123,754	2,188,709	0.66%	$332,501,391
2013-14	7	9	1	17	16,087,037	5.75%	6,980,388	2.49%	1,573,664	0.56%	224,809	148,941	0.05%	$279,789,484
2012-13	3	12	5	20	42,434,779	15.24%	20,421,246	7.33%	171,177	0.06%	57,059	604,747	0.22%	$278,520,453
2011-12	2	15	7	24	47,164,554	17.31%	15,745,381	5.78%	940,198	0.35%	470,099	438,952	0.16%	$272,456,560
	14	42	21	77			$57,914,862		$2,932,546		$875,721	$8,172,823		

Historical Rate of Stipulated/Reduced Appeals	18%		
Average Granted Reduction as Percentage of Requested Reduction[3]	5%	Assumed reduction:	$ 413,835

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Assessment Appeal History **Appendix B5**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 4

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	0	2	29	31	35,790,935	4.19%	15,576,434	1.82%	-	0.00%	-	15,139,048	1.77%	$854,921,753
2014-15	3	29	24	56	83,029,541	10.59%	23,317,515	2.97%	1,050,000	0.13%	350,000	8,248,466	1.05%	$783,878,502
2013-14	16	39	20	75	129,637,523	16.99%	45,678,248	5.99%	7,810,180	1.02%	488,136	6,455,805	0.85%	$763,155,389
2012-13	13	33	9	55	95,217,915	12.38%	34,439,521	4.48%	4,398,540	0.57%	338,349	4,617,390	0.60%	$769,168,095
2011-12	13	50	6	69	126,796,268	16.98%	51,442,346	6.89%	6,504,453	0.87%	500,343	1,839,976	0.25%	$746,943,511
	45	153	88	286			$170,454,064		$19,763,173		$1,676,828	$36,300,685		

Historical Rate of Stipulated/Reduced Appeals 16%

Average Granted Reduction as Percentage of Requested Reduction[3] 12%

Assumed reduction: $ 4,208,857

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Assessment Appeal History **Appendix B6**

Westminster Commercial Redevelopment Project No. 1 - Amendment Area 5

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/ No Change	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions[1] (Portion of Project Area)		Average Granted Reduction	Pending Reductions[2] (Portion of Project Area)		Total Project Area Value
2015-16	2	5	48	55	207,304,264	3.47%	58,447,418	0.98%	-	0.00%	-	49,014,282	0.82%	$5,975,910,162
2014-15	47	50	14	111	262,759,940	4.75%	109,977,429	1.99%	23,136,106	0.42%	492,258	25,841,999	0.47%	$5,531,536,605
2013-14	51	31	4	86	152,717,372	2.93%	64,017,595	1.23%	4,639,771	0.09%	90,976	24,393,690	0.47%	$5,210,261,433
2012-13	69	57	14	140	178,543,503	3.53%	66,558,341	1.32%	8,362,897	0.17%	121,201	29,166,195	0.58%	$5,051,536,050
2011-12	67	80	20	167	176,878,977	3.52%	64,597,150	1.29%	8,509,499	0.17%	127,007	27,237,947	0.54%	$5,018,995,793
	236	223	100	559			$363,597,933		$44,648,273		$831,442	$155,654,113		

Historical Rate of Stipulated/Reduced Appeals 42%

Average Granted Reduction as Percentage of Requested Reduction[3] 12%

Assumed reduction: $ 19,113,660

[1] Assumed no reduction in assessed value for those appeals for which the board value was zero.

[2] Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

[3] Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Orange County Clerk of the Board

Table 1. Historic Assessed Values

Westminster Corridor Redevelopment Project No. 1

Original Area	2007-08	2008-09	% Change	2009-10	% Change	2010-11	% Change	2011-12	% Change	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change
Secured	$ 218,666,571	$ 228,405,097	4.5%	$ 238,302,493	4.3%	$ 247,508,221	3.9%	$ 247,456,422	0.0%	$ 254,400,221	2.8%	$ 252,700,390	-0.7%	$ 257,741,301	2.0%	$ 266,814,028	3.5%
Utility	-	-		-		-		-		-		-		-		-	
Unsecured	23,784,675	23,751,459		24,504,564		23,916,709		24,088,045		24,297,725		24,713,490		25,393,887		23,005,629	
Total	242,451,246	252,156,556	4.0%	262,807,057	4.2%	271,424,930	3.3%	271,544,467	0.0%	278,697,946	2.6%	277,413,880	-0.5%	283,135,188	2.1%	289,819,657	2.4%
Amendment Area 1																	
Secured	$ 23,173,988	$ 23,641,371	2.0%	$ 24,680,260	4.4%	$ 24,702,616	0.1%	$ 25,037,642	1.4%	$ 25,244,341	0.8%	$ 28,734,983	13.8%	$ 27,287,824	-5.0%	$ 27,810,101	1.9%
Utility	-	-		-		-		-		-		-		-		-	
Unsecured	2,367,154	2,518,327		2,515,764		3,082,364		2,222,019		2,180,245		2,115,527		1,702,342		2,479,571	
Total	25,541,142	26,159,698	2.4%	27,196,024	4.0%	27,784,980	2.2%	27,259,661	-1.9%	27,424,586	0.6%	30,850,510	12.5%	28,990,166	-6.0%	30,289,672	4.5%
Amendment Area 2																	
Secured	$ 511,337,956	$ 495,622,714	-3.1%	$ 520,302,908	5.0%	$ 541,318,642	4.0%	$ 538,544,866	-0.5%	$ 551,536,132	2.4%	$ 560,771,291	1.7%	$ 578,210,470	3.1%	$ 720,753,273	24.7%
Utility	-	-		-		-		-		-		-		-		-	
Unsecured	62,790,923	81,326,743		73,621,388		72,819,691		60,016,683		66,500,183		53,898,815		90,416,391		54,562,667	
Total	574,128,879	576,949,457	0.5%	593,924,296	2.9%	614,138,333	3.4%	598,561,549	-2.5%	618,036,315	3.3%	614,670,106	-0.5%	668,626,861	8.8%	775,315,940	16.0%
Amendment Area 3																	
Secured	$ 262,288,045	$ 267,672,670	2.1%	$ 270,380,710	1.0%	$ 263,942,463	-2.4%	$ 256,709,628	-2.7%	$ 260,885,320	1.6%	$ 264,534,748	1.4%	$ 311,161,677	17.6%	$ 335,860,498	7.9%
Utility	-	-		-		-		-		-		234,313		234,313		234,313	
Unsecured	13,777,250	13,323,323		14,724,430		14,454,002		15,746,932		17,635,133		15,020,423		21,105,401		17,291,542	
Total	276,065,295	280,995,993	1.8%	285,105,140	1.5%	278,396,465	-2.4%	272,456,560	-2.1%	278,520,453	2.2%	279,789,484	0.5%	332,501,391	18.8%	353,386,353	6.3%
Amendment Area 4																	
Secured	$ 658,895,359	$ 682,599,454	3.6%	$ 701,259,272	2.7%	$ 684,459,655	-2.4%	$ 685,367,028	0.1%	$ 701,487,321	2.4%	$ 715,318,016	2.0%	$ 732,452,933	2.4%	$ 768,882,863	5.0%
Utility	987,768	111,078		111,078		111,078		111,078		222,156		222,156		222,156		222,156	
Unsecured	64,880,119	74,199,765		63,267,048		66,902,563		61,465,405		67,458,618		47,615,217		51,203,413		85,816,734	
Total	724,763,246	756,910,297	4.4%	764,637,398	1.0%	751,473,296	-1.7%	746,943,511	-0.6%	769,168,095	3.0%	763,155,389	-0.8%	783,878,502	2.7%	854,921,753	9.1%
Amendment Area 5																	
Secured	$ 4,744,102,302	$ 4,837,174,587	2.0%	$ 4,719,752,555	-2.4%	$ 4,792,427,531	1.5%	$ 4,930,532,259	2.9%	$ 5,010,016,019	1.6%	$ 5,179,058,933	3.4%	$ 5,485,373,181	5.9%	$ 5,874,891,456	7.1%
Utility	818,548	232,313		232,313		232,313		232,313		232,313		-		-		-	
Unsecured	52,186,695	44,872,275		44,498,520		44,094,053		88,231,221		41,287,718		31,202,500		46,163,424		101,018,706	
Total	4,797,107,545	4,882,279,175	1.8%	4,764,483,388	-2.4%	4,836,753,897	1.5%	5,018,995,793	3.8%	5,051,536,050	0.6%	5,210,261,433	3.1%	5,531,536,605	6.2%	5,975,910,162	8.0%

Sources: Orange County Auditor-Controller Reports

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APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER AND ORANGE COUNTY

The following information concerning the City of Westminster (the "City") and Orange County (the "County") is included only for the purpose of supplying general information regarding the area in and around the City. The Bonds are not a debt of the City, the County, the State of California (the "State") or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.

General Description and Background

The County of Orange, California (the "County") encompasses 798 square miles in Southern California, bordered on the north by Los Angeles and San Bernardino counties, on the east by Riverside County, on the southeast by San Diego County and on the west and southwest by the Pacific Ocean. There are 34 cities located within the County. The County is the third largest county in the State and the sixth largest county in the nation.

Approximately 42 miles of ocean shoreline provide many beaches, marinas and other recreational areas for use by residents and visitors. The climate in the County is mild, with an average annual rainfall of 13 inches.

The County is governed by a five member Board of Supervisors (the "Board") elected by districts to four year terms by the citizens of the County. At the beginning of each year, the Board selects a Chairman and a Vice Chairman.

Population

The following sets forth population estimates for Westminster, the County and the State as of January 1 for the years 2006 through 2015:

CITY OF WESTMINSTER, COUNTY OF ORANGE AND STATE OF CALIFORNIA
Estimated Population

Year (January 1)	City of Westminster	Orange County	State of California
2006	92,566	2,956,334	36,116,202
2007	92,870	2,960,659	36,399,676
2008	93,284	2,974,321	36,704,375
2009	94,294	2,990,805	36,966,713
2010	89,937	3,008,855	37,223,900
2011	90,677	3,028,846	37,427,946
2012	91,169	3,057,875	37,668,804
2013	91,652	3,085,269	37,984,138
2014	92,106	3,113,991	38,340,074
2015	93,383	3,147,655	38,714,725

Source: State Department of Finance, Demographic Research Unit.

Commerce

Total taxable sales during calendar year 2013 in the County were reported to be $57,591,217, a 4.00% increase over the total taxable sales of $55,230,612 reported during the calendar year 2012.

COUNTY OF ORANGE
Taxable Transactions
(Figures in Thousands)
Calendar Years 2010 through 2014

Calendar Year	Number of Permits	Retail and Food Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2010	58,076	$32,552,107	92,047	$47,667,179
2011	58,795	35,587,795	92,207	51,731,139
2012	60,273	38,372,456	93,183	55,230,612
2013	62,208	40,025,929	94,562	57,591,217
2014	65,291	10,384,102	97,924	15,968,180

(1) Through first quarter only.
Source: State Board of Equalization.

Commercial Activity

Total taxable sales during the calendar year 2013 in the City were reported to be $1,336,609, a 0.93% increase over the total taxable sales of $1,242,341 reported during calendar year 2012.

CITY OF WESTMINSTER
Taxable Transactions
(Figures in Thousands)
Calendar Years 2010 through 2014

Calendar Year	Retail and Food Taxable Transactions	Total Outlets Taxable Transactions
2010	$1,032,567	$1,130,310
2011	1,074,699	1,177,035
2012	1,127,643	1,242,341
2013	1,201,993	1,336,609
2014 (1)	291,580	334,510

(1) Through the third quarter 2014.
Source: State Board of Equalization.

Employment and Industry

The City is included in the Santa Ana-Anaheim-Irvine Metropolitan Division (which consists of Orange County). The following table shows the average annual estimated numbers by industry comprising the civilian labor force, as well as unemployment information for years 2010 through 2014.

The unemployment rate in the County was 4.3% in June 2015, up from a revised 4.2% in May 2015, and below the year-ago estimate of 5.5%. This compares with an unadjusted unemployment rate of 6.2% for California and 5.5% for the nation during the same period.

SANTA ANA–ANAHEIM–IRVINE METROPOLITAN DIVISION
ORANGE COUNTY
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

Employment Rate	2010	2011	2012	2013	2014	2015
Civilian Labor Force	1,537,200	1,546,400	1,564,500	1,569,200	1,578,200	1,597,100
Civilian Employment	1,387,400	1,406,400	1,441,400	1,465,900	1,491,800	1,525,600
Civilian Unemployment	149,700	140,000	123,100	103,300	86,400	71,500
Civilian Unemployment Rate	9.7%	9.1%	7.9%	6.6%	5.5%	4.5%
Farm	3,700	3,200	2,800	2,900	2,800	2,500
Mining and Logging	600	600	600	600	700	700
Construction	68,000	69,200	71,300	76,800	82,000	90,400
Manufacturing	150,500	154,300	158,300	158,000	157,400	156,900
Wholesale Trade	77,800	77,300	77,200	79,400	80,900	81,000
Retail Trade	141,300	142,600	144,000	145,500	148,500	151,200
Transportation, Warehousing & Utilities	26,700	27,500	28,000	27,500	26,500	26,900
Information	24,800	23,800	24,300	25,000	24,500	25,500
Finance & Insurance	69,400	71,200	73,800	77,000	76,300	79,600
Real Estate & Rental & Leasing	34,100	33,600	34,500	36,100	37,300	37,300
Professional & Business Services	244,900	247,700	260,600	267,300	276,600	285,400
Management of Companies & Enterprises	23,900	24,700	26,400	27,700	28,900	29,300
Administrative & Support & Waste Services	114,800	114,300	120,900	123,200	125,100	129,000
Educational Services	23,600	24,400	24,700	25,200	25,200	25,400
Health Care & Social Assistance	145,500	147,700	152,400	160,800	165,600	173,400
Leisure & Hospitality	168,600	174,000	180,600	187,800	194,500	204,000
Other Services	42,200	43,200	44,600	45,600	47,300	48,800
Federal Government	12,400	11,600	11,100	11,000	10,900	11,100
State & Local Government	139,900	137,700	136,800	137,700	141,300	145,100
Total, All Industries	1,374,000	1,389,600	1,425,600	1,464,100	1,498,200	1,545,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: California Employment Development Department.

Major Employers

The following table lists the top employers in the County, listed alphabetically.

ORANGE COUNTY
Major Employers - As of July 2015

Employer Name	Location	Industry
Anaheim City Hall	Anaheim	City Government-Executive Offices
Blogtagon Social Media	Fountain Valley	Internet Service
Boeing Co	Seal Beach	Aerospace Industries (Mfrs)
Boeing Co	Huntington Beach	Aircraft-Manufacturers
Broadcom Corp	Irvine	Semiconductors & Related Devices (Mfrs)
California State-Fullerton	Fullerton	Schools-Universities & Colleges Academic
Disneyland	Anaheim	Amusement & Theme Parks
Emplicity	Irvine	Employment Contractors-Temporary Help
First American Title Ins Co	Santa Ana	Title Companies
Hoag Hospital Newport Beach	Newport Beach	Hospitals
James R Glidewell Dental Ceramics	Irvine	Laboratories-Dental
Jones Lang La Salle	Brea	Real Estate Management
Laguna Woods Village Cmnty Center	Laguna Woods	Senior Citizens Service
Puro Clean	Anaheim	Fire Damage Restoration
Quiksilver Eyeware USA	Huntington Beach	Optical Goods-Retail
Raytheon Company	Fullerton	Search Detection/Nav Systs/Instr (Mfrs)
St Jude Medical Center	Brea	Hospitals
St Jude Medical Center	Fullerton	Hospitals
Tenet Healthcare	Fountain Valley	Hospitals
UC Irvine Healthcare	Orange	Hospitals
United Healthcare	Cypress	Health Plans
University of CA-Irvine	Irvine	Schools-Universities & Colleges Academic
University-CA Irvine Med Center	Orange	Medical Centers
US Health Care Svc	Seal Beach	Health & Allied Services
Walt Disney Parks & Resorts	Anaheim	Amusement & Theme Parks

Source: State of California Employment Development Department, compiled from America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

The City's major employers are set forth below:

CITY OF WESTMINSTER
Major Employers
(As of June 30, 2015)

Employer	Number of Employees	Percent of Total Employment
Westminster School District	691	1.60%
Kindred Hospital Westminster	687	1.59%
City of Westminster	382	0.88%
Walmart	354	0.82%
Macy's	245	0.57%
Westminster High School	217	0.50%
Target	200	0.46%
Honda World	197	0.46%
JC Penney Co	168	0.39%
Home Depot	140	0.32%

Source: City of Westminster.

Construction Activity

The following table shows a summary of the valuation of building permits issued in the City from calendar years 2010 through 2014.

CITY OF WESTMINSTER
Total Building Permit Valuations
(Figures in Thousands)

			Calendar Year		
	2010	**2011**	**2012**	**2013**	**2014**
Permit Valuation					
New Single-family	$ 965.1	$2,470.1	$ 5,761.3	$1,369.6	$ 4,843.5
New Multi-family	8,955.0	0.0	468.9	1,030.2	1,025.9
Res. Alterations/Additions	3,043.3	4,547.8	3,865.8	3,607.6	6,744.2
Total Residential	$12,963.4	$7,017.9	$10,096.0	$6,007.4	$12,613.6
New Commercial	0.0	8.0	4,253.7	1,128.3	5,895.6
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,579.3	20.0	0.0	688.5	4,685.8
Com. Alterations/Additions	2,451.0	4,703.8	5,321.8	5,217.0	5,141.1
Total Nonresidential	$ 4,030.3	$4,731.8	$9,575.5	$7,033.8	$15,722.5
New Dwelling Units					
Single Family	5	9	17	5	16
Multiple Family	41	0	4	7	6
TOTAL	46	9	21	12	22

Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2010 through 2014.

COUNTY OF ORANGE
Effective Buying Income
2010 through 2014

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2010	City of Westminster	$ 1,501,780	$47,158
	Orange County	75,063,558	57,849
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Westminster	$ 1,529,280	$46,969
	Orange County	76,315,505	57,607
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Westminster	$ 1,544,835	$45,360
	Orange County	81,079,398	57,181
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Westminster	$ 1,578,093	$46,002
	Orange County	81,151,078	59,589
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Westminster	$ 1,604,220	$46,032
	Orange County	$ 83,607,615	$60,931
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: The Nielsen Company (US), Inc.

County Transportation Systems

The County is situated in the most heavily populated area in California and has access to excellent roads, rail, air and sea transportation. The Santa Ana Freeway (Interstate 5) provides direct access to downtown Los Angeles and connects with the San Diego Freeway (Interstate 405) southeast of the City of Santa Ana providing a direct link with San Diego. The Garden Grove Freeway (State 22) and the Riverside Freeway (State 91) provide east-west transportation, linking the San Diego Freeway, Santa Ana Freeway and the Costa Mesa Freeway (State 55). The Costa Mesa Freeway provides access to certain beach communities.

Drivers in the County have access to two toll road systems administered by the Transportation Corridor Agencies. The San Joaquin Toll Road (73) runs from Costa Mesa to Mission Viejo and connects to the 405 and 5 Freeways. The Eastern and Foothill Toll Roads (241, 261 and 133) connect the County to the 91 Freeway to the north and the 5 Freeway, City of Irvine and other South County cities, as well as Laguna Canyon Road. The Transportation Corridor Agencies are planning to extend the 241 Toll Road to connect to the 5 Freeway near San Clemente.

Rail freight service is provided by the Burlington Northern Santa Fe Railway and the Union Pacific Railroad Company. Amtrak provides passenger service to San Diego to the south, Riverside and San Bernardino Counties to the east, and Los Angeles and Santa Barbara to the north. Metrolink provides passenger service to San Bernardino and Riverside counties to the east, Oceanside to the south and Los Angeles County to the north. Bus service is provided by Greyhound Bus Lines. The Orange County Transportation Authority provides bus service between most cities in the County. Most interstate common carrier truck lines operating in California serve the County.

The John Wayne Airport is located in the County's unincorporated area adjacent to Santa Ana, Costa Mesa, Irvine and Newport Beach and is served by most major airlines which fly from the airport to major cities throughout the country.

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APPENDIX C

CITY OF WESTMINSTER
AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF WESTMINSTER, CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

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CITY OF WESTMINSTER, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED JUNE 30, 2015

Prepared by the Finance Department

CITY OF WESTMINSTER

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City of Westminster

8200 Westminster Boulevard, Westminster, CA 92683 714.898.3311
www.westminster-ca.gov

November 30, 2015

Honorable Tri Ta, Mayor
Honorable Members of the Council of the City of Westminster
Citizens of the City of Westminster:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Westminster (the City) for the fiscal year ended June 30, 2015. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

White Nelson Diehl Evans, LLP, an independent firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Westminster for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Westminster's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.

This report consists of management's representations concerning the finances of the City of Westminster. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Westminster has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Westminster's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Westminster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent audit of the financial statements of the City of Westminster was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Westminster's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF WESTMINSTER

The City of Westminster, incorporated in 1957, is located in the northeast corner of Orange County. The City of Westminster currently occupies a land area of 10.6 square miles and serves a population of 92,106.

The City of Westminster operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council Members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the City Manager and appointing the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the City's department heads. The City Council is elected, at large, on a non-partisan basis. The Mayor is elected, at large, to serve a two-year term. Council Members serve four-year staggered terms, with two Council Members elected every two years.

The City of Westminster provides a full range of services, including police, water utility, street and infrastructure maintenance and construction, recreational and cultural services, planning and community development and general administration. The City contracts with the Orange County Fire Authority (OCFA) for the provision of fire protection and emergency medical services. The City of Westminster also is financially accountable for the legally separate Westminster Public Financing Authority and Westminster Housing Authority. The City has accounted for these entities as "blended" component units and therefore they have been included as an integral part of the City of Westminster's financial statements.

The City of Westminster currently prepares a one-year budget with appropriations approved by the City Council annually. The annual budget serves as the foundation for the City of Westminster's financial planning and control. All departments of the City of Westminster are required to submit requests for appropriations to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Westminster's fiscal year.

The budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department directors may make transfers of appropriations within a department. Transfers of appropriations between departments within the same fund require the City Manager's approval. Transfers between funds, as well as any increase to appropriations, require approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general and major governmental funds, this comparison is presented as part of the required supplementary information section of the report. For other funds with appropriated annual budgets, this comparison is presented as part of the other supplementary information section of the report.

FACTORS AFFECTING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when considered within the broader perspective of the specific environment within which the City of Westminster operates.

Local Economy

The long recovery from the "Great Recession" has now entered its sixth year. But there are signs that the economic recovery is picking up steam both in California and in Orange County.

Economists currently expect California and local jurisdictions within Orange County will experience medium paced growth as the real estate and financial markets continue to strengthen. The City has begun to see a marked improvement in its real estate market, as measured by the growth in assessed valuations. Total assessed values grew by 6.25% in 2015 and will grow by over 8% in 2016. Tax revenue – primarily property and sales – comprise the majority of Westminster's general fund revenue (78%). Therefore, improvements to the local real estate and retail markets will directly impact the City's revenues in a positive manner.

Job growth in Orange County is expected to be in the range of 3% for the coming year, with unemployment in Orange County dropping to below 4% for the first time in a decade. In Westminster, the unemployment rate has now fallen below 6%. Median home prices in the county are expected to rise by about 4% in the coming year. The current median home value in Westminster stands around $550,000.

The City of Westminster's central location in the Orange County/Los Angeles region provides many opportunities to reap the benefits of renewed consumer confidence and the improving economy.

The City continues to enjoy its position as the internationally recognized social, cultural, and retail hub of the Vietnamese American community. The Little Saigon marketplace serves as an important economic engine for the City. Retailers there are provided with the opportunity to reach a broad demographic base that is actively looking for variety in shopping and entertainment choices, from large, well-established brands to emerging and specialty boutiques.

Westminster has a very diversified retail base and is also the home to many national retailers including: Lexus, Toyota, Honda, Infiniti, Wal-Mart, Home Depot, Best Buy, Macy's, Target, J.C. Penney and Sears. A new Costco Business Center is expected to open in December 2015. Westminster is also home to major motorcycle and recreation vehicle dealerships, including Harley Davidson, Indian Motorcycle, Airstream and Dillon RV. In addition to property tax revenue, the City relies heavily on sales tax revenue to support its general fund. As consumer confidence improves, the City forecasts continued growth in its sales tax revenue.

An accessible central location, a unique Vietnamese-American market niche, and the demonstrated ability to attract both large national chains, while supporting smaller emerging businesses, are all examples of Westminster's economic versatility and its potential for long-term sustainable growth.

New Accounting Pronouncements

The City of Westminster contracts with the California Public Employees Retirement System (CalPERS) to provide retirement, disability, and death and survivor benefits for all eligible employees. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27, and GASB Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68" during the current fiscal year. The effect of this implementation on the government-wide financial statements was to create a deficit balance for governmental activities unrestricted net position of $38.2 million at year-end. This compares to a positive unrestricted net position for governmental activities of $47.9 million at June 30, 2014. The deficit should not be considered, in and of itself, evidence of economic or financial difficulties. The City will continue to fully fund its annual pension obligations in the future, by contributing the required amounts each year as determined by the systems' actuaries.

Redevelopment Elimination and the City's Response

The State legislative action having the most impact on Westminster in recent years dealt with the dissolution of redevelopment throughout California. Westminster continues to deal with the aftermath of the passage of Assembly Bills 1x 26 and 1484 – the two bills which dissolved redevelopment effective January 31, 2012. (See Note 16 of these financial statements for more information on the dissolution of redevelopment.) The elimination of the Westminster Redevelopment Agency has had a significant impact on the City's ability to maintain capital improvement schedules and fund future projects. In addition to significantly hindering the City's ability to fund capital improvement projects and support economic development efforts, the dissolution directly impacts the City's general fund as the Westminster Redevelopment Agency was staffed by City personnel.

Westminster was dealt this significant setback at the time it was dealing with the deleterious effects of the recession on its budget. To help mitigate the recessionary impacts on general fund revenues along with the loss of redevelopment funds, staff reduced the operating budget through a number of means. Two early retirement incentive programs ("golden handshakes") were implemented in fiscal years 2009-10 and 2010-11 in an effort to shrink the City's workforce. In addition, a severance package was given to employees whose jobs were eliminated at the beginning of fiscal year 2012-13. While salaries have increased slightly in the last two fiscal years, the City is still $2.5 million, or 9.4% below fiscal year 2009-10 totals.

Outlook for the Future

The City continues to struggle with a chronic structural deficit. Long-term financial projections show a continued deficit and future budget development processes will be focused on various means to erase the deficit and restore ongoing fiscal health to the City.

The City's ability to restrain ongoing expenditures while maintaining suitable levels of service will be a key factor in helping achieve sustained fiscal health. However, ongoing expenditures continue to grow at a faster pace than ongoing revenues. Westminster's future sustainability, in terms of its ability to deliver acceptable levels of public services, particularly public safety services, is dependent upon the generation of revenues adequate to support them. Since law enforcement and fire services represent 78% of the City's General Fund budget, any increase in these costs has a dramatic impact on the remaining services and the City's overall financial condition.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its two year budget document dated July 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of a number of City staff and departments, especially the Administrative Services Department's Finance Division. I would like to express my appreciation to all members of the City staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Westminster's finances.

Respectfully submitted,

Chet Simmons
Assistant City Manager

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

TRI TA, Mayor

SERGIO CONTRERAS, Mayor Pro Tem

DIANA LEE CAREY, Council Member

TYLER DIEP, Council Member

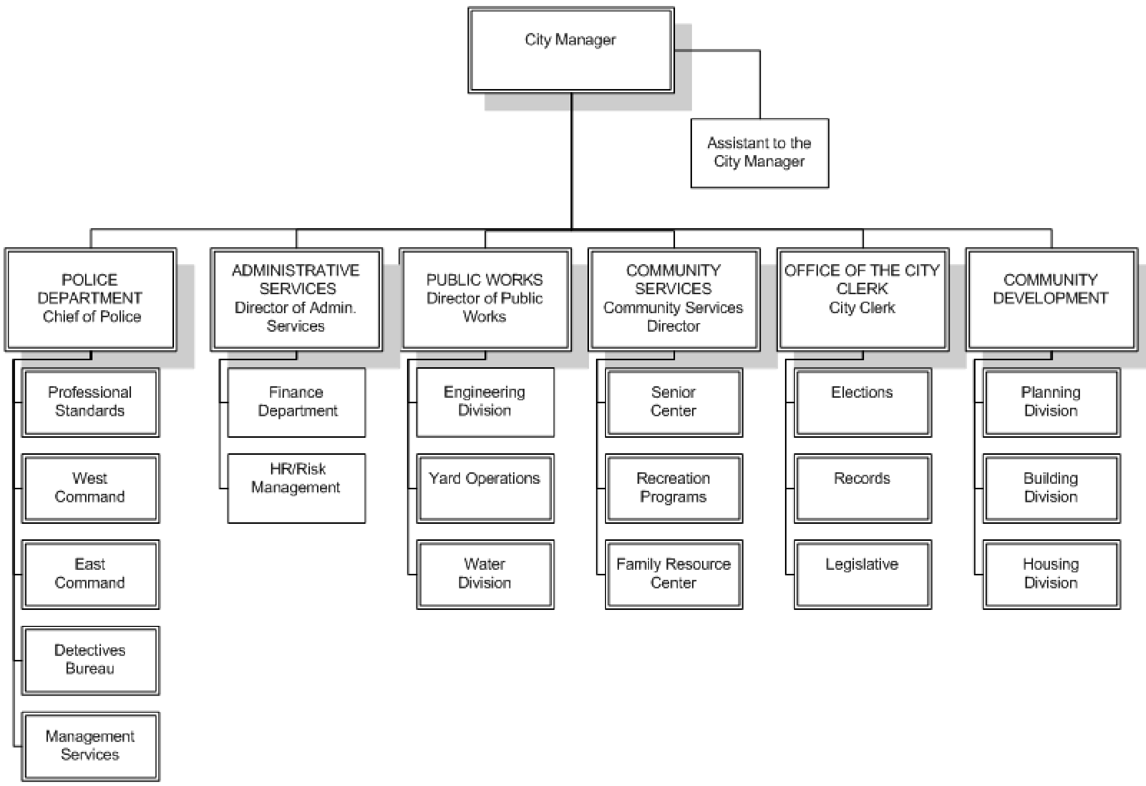
MARGIE L. RICE, Council Member

CITY STAFF

Eddie Manfro	City Manager
Chester Simmons	Assistant City Manager
Richard D. Jones	City Attorney
Kevin Baker	Police Chief
Diana Dobbert	Community Services Director
Amanda Jensen	Interim City Clerk
Soroosh Rahbari	Community Development Director
Marwan Youssef	Public Works Director/City Engineer

CITY OF WESTMINSTER

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Westminster

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2015

Financial Section

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INDEPENDENT AUDITORS' REPORT

City Council Members
City of Westminster
Westminster, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Notes 1 and 17 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68"*. The adoption of these standards required retrospective application resulting in a $81,785,840 and $2,939,865 reduction of previously reported net position, in the governmental activities and business-type activity, respectively. As discussed in Note 17, the City restated the net position of the governmental activities, the business-type activity and the water enterprise fund to reallocate $1,990,383 of the other post-employment benefits liability. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the CalPERS pension plans - schedule of proportionate share of the net pension liability and the schedule of contributions - safety plan, the schedule of changes in the net pension liability and related ratios and the schedule of contributions - miscellaneous plan, the PARS pension plan - schedule of changes in the net pension liability and related ratios and the schedule of contributions, the schedule of funding progress - other post-employment benefit plan, and the budgetary comparison schedules, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
November 30, 2015

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CITY OF WESTMINSTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Westminster (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015, along with comparisons to the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the financial statements that follow.

FINANCIAL HIGHLIGHTS

At the close of fiscal year 2015, the City's net position – the difference between its assets and deferred outflows of resources compared to its liabilities and deferred inflows of resources – was $222.2 million, a decrease of $10.0 million or 4.32% from the prior year restated amount of $232.2 million. While the net position of business-type activity increased by $5.2 million or 16.83%, the net position of governmental activities decreased by $15.2 million or 7.55%.

The net position of $222.2 million consisted of: $234.1 million of net investment in capital assets; $19.0 million of resources that are subject to external restrictions on how they may be used; $7.4 million that may be used to meet the City's obligations for its business-type activity; and a $38.3 million deficit related to its governmental activities.

The City's total revenues for fiscal year 2015 were $87.3 million and total expenses were $80.3 million. Revenues increased by $14.0 million over the prior year, while expenses decreased by $2.9 million. The increase in revenue is mostly due to an increase of $13.2 million in capital grants and contributions. Expenses decreased for all but one of the City's programs, with the largest change coming from public safety, which had a decrease of $3.5 million. Extraordinary losses were $17.0 million this year, compared to $19.2 million last year.

As of June 30, 2015 the City's governmental funds reported a combined ending fund balance of $74.7 million, a decrease of $6.7 million. Of this amount, $41.9 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.

Unassigned fund balance for the General Fund at June 30, 2015 was $22.1 million, or 45.47% of total General Fund expenditures. This compares to $24.1 million at June 30, 2014, which was 52.48% of General Fund expenditures for that year.

Total City debt (excluding compensated absences, claims, OPEB, and pension liabilities) decreased by $0.9 million or 10.5%. The changes in debt consisted of principal reduction payments and a decrease in leases payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., uncollected taxes or earned but unused vacation leave).

Both of these statements distinguish functions of the City government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, public safety, public works, community development and community services. A business-type activity of the City includes the water utility.

Fund Financial Statements

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized by their type (general, special revenue, and capital improvements funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Westminster Housing Authority, Housing and Community Development, Special Gas Tax and Street Improvements, and Capital Improvements, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

Proprietary funds are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the operations of water.

- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to City employees. Also included in this section are the budgetary comparison schedules for the general and major special revenue funds.

Other Supplementary Information

Combining statements and individual fund statements for non-major governmental funds, internal service funds and the agency fund are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $222.2 million at June 30, 2015. This is a decrease of $10.0 million for the year, as the condensed summaries of the statement of net position show below and on the following pages. Last year, in comparison, the City's net position decreased by $29.1 million.

Condensed Statement of Net Position
Primary Government

	June 30, 2015	June 30, 2014*	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 116,667,540	$ 119,802,586	$ (3,135,046)	-2.62%
Capital assets, net of accumulated depreciation	241,720,725	248,789,337	(7,068,612)	-2.84%
Total assets	358,388,265	368,591,923	(10,203,658)	-2.77%
Deferred Outflows of Resources:	5,012,369	4,877,910	134,459	2.76%
Liabilities:				
Current and other liabilities	16,559,899	17,676,956	(1,117,057)	-6.32%
Long-term liabilities	105,776,026	123,558,568	(17,782,542)	-14.39%
Total liabilities	122,335,925	141,235,524	(18,899,599)	-13.38%
Deferred Inflows of Resources:	18,863,237	-	18,863,237	~
Net position:				
Net investment in capital assets	234,065,105	240,241,378	(6,176,273)	-2.57%
Restricted	19,018,748	21,035,894	(2,017,146)	-9.59%
Unrestricted	(30,882,381)	(29,096,333)	(1,786,048)	6.14%
Total net position	$ 222,201,472	$ 232,180,939	$ (9,979,467)	-4.30%

*As restated and disclosed in Note 17 to the Basic Finanacial Statements.

The City's total restricted portion of net position for governmental and business-type activities combined ($19.0 million or 8.6% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a $2.0 million, or 9.59% decrease from prior year.

The largest portion (105.3%) of the City's net position reflects its investment of $234.1 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall decrease of $6.2 million, or 2.57% from the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position has a deficit balance of $30.9 million at June 30, 2015. The unrestricted net position for business-type activity has a balance of $7.4 million or 3.3% of total net position. These funds may be used to meet the City's ongoing obligations for business-type activities. The deficit balance for the unrestricted net position related to governmental activities of $38.3 million is the result of this year's implementation of the new GASB statements related to pension liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension liability. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred. In the case of the pension liability, the City will continue to fund its obligations on an actuarial basis, contributing the full amount of annual required contributions to the pension system every year.

Condensed Statement of Net Position
Governmental Activities

	June 30, 2015	June 30, 2014*	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$101,966,578	$109,800,182	$ (7,833,604)	-7.13%
Capital assets, net of accumulated depreciation	209,036,368	216,390,491	(7,354,123)	-3.40%
Total assets	311,002,946	326,190,673	(15,187,727)	-4.66%
Deferred Outflows of Resources:	4,598,774	4,448,424	150,350	3.38%
Liabilities:				
Current and other liabilities	14,039,071	15,173,283	(1,134,212)	-7.48%
Long-term liabilities	97,194,642	114,233,649	(17,039,007)	-14.92%
Total liabilities	111,233,713	129,406,932	(18,173,219)	-14.04%
Deferred Inflows of Resources:	18,325,404	-	18,325,404	~
Net position:				
Net investment in capital assets	205,398,439	212,179,772	(6,781,333)	-3.20%
Restricted	18,906,200	20,922,791	(2,016,591)	-9.64%
Unrestricted	(38,262,036)	(31,870,398)	(6,391,638)	20.06%
Total net position	$186,042,603	$201,232,165	$ (15,189,562)	-7.55%

*As restated and disclosed in Note 17 to the Basic Finanacial Statements.

Governmental activities show an overall decrease in total assets of $15.2 million or 7.55%. Key changes in the statement of net position are as follows:

Current and other assets decreased by $7.8 million or 7.13%. The greatest change occurred in restricted assets – cash and investments which decreased by $5.1 million. This was primarily due to $4.0 million from the governmental Capital Project Fund being transferred to the proprietary Enterprise Fund. This amount had been reserved for water conservation and capital projects, and will now be presented as part of the Enterprise Fund financials.

Capital assets, net of accumulated depreciation decreased by $7.4 million or 3.4%. This was primarily due to the transferring back of an asset to SAWRA. In February 2012, when the WRA was dissolved, several capital assets were transferred to the City. Pursuant to Health and Safety Code (HS&C) section 34181 (a), -successor agencies may transfer assets that were constructed and used for a governmental purpose to the appropriate public jurisdiction. In prior year, multiple assets were transferred back, and in the current year, a parking structure valued at $17.0 million was transferred back. These assets were deemed to be "not currently in use for governmental purposes" by the California Department of Finance (DOF). These assets are included on SAWRA's Long-Range Property Management Plan (LRPMP) for further review by the DOF. To the extent that SAWRA can demonstrate that the properties in question are going to be developed for future governmental use, they could be transferred back to the City once the LRPMP is approved by the DOF. The transfer of the parking structure also contributed to the decrease of $6.8 million or 3.2% in net assets – invested in capital assets. Additional information can be found in Notes 6 and 15 in the Notes to the Basic Financial Statements.

Deferred outflows of resources increased by $0.15 million, or 3.38%; long-term liabilities decreased by $17.0 million or 14.92%; and deferred inflows of resources increased by $18.3 million. When these three categories are considered together, the net change is an increase of $1.1 million or 1.0%. The majority of this change is attributable to pension liability. The City implemented GASB Statements No. 68 and No. 71 in fiscal year 2015. For defined benefit pension plans, these statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These statements also require that pension liabilities be shown on the face of the financial statements for the first time. Fiscal year 2014 was restated to conform to the provisions of these statements. More detailed information can be found in Notes 8, 9, 11, 15 and 17 in the Notes to the Basic Financial Statements.

Current and other liabilities decreased by $1.1 million or 7.48%. The majority of this change is due to a decrease of $1.7 million in accounts payable and other liabilities. In fiscal year 2014, this category had increased by $2.2 million due to an outstanding capital project and legal invoices at year end.

Condensed Statement of Net Position
Business-type Activity

	June 30, 2015	June 30, 2014*	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 14,700,962	$ 10,002,404	$ 4,698,558	46.97%
Capital assets, net of accumulated depreciation	32,684,357	32,398,846	285,511	0.88%
Total assets	47,385,319	42,401,250	4,984,069	11.75%
Deferred Outflows of Resources:	413,595	429,486	(15,891)	-3.70%
Liabilities:				
Current and other liabilities	2,520,828	2,503,673	17,155	0.69%
Long-term liabilities	8,581,384	9,378,289	(796,905)	-8.50%
Total liabilities	11,102,212	11,881,962	(779,750)	-6.56%
Deferred Inflows of Resources:	537,833	-	537,833	~
Net position:				
Net investment in capital assets	28,666,666	28,061,606	605,060	2.16%
Restricted	112,548	113,103	(555)	-0.49%
Unrestricted	7,379,655	2,774,065	4,605,590	166.02%
Total net position	$ 36,158,869	$ 30,948,774	$ 5,210,095	16.83%

*As restated and disclosed in Note 17 to the Basic Finanacial Statements.

Business-type activity shows an overall increase of $5.2 million or 16.83%. Key changes in the net position of business-type activity were as follows:

The greatest changes occurred in current and other assets, which increased by $4.7 million or 46.97%, and unrestricted net position, which increased by $4.6 million or 166.02%. The majority of the change in these two categories resulted from the transferring of cash of $4.0 million from the governmental Capital Projects Fund to the proprietary Enterprise Fund. These assets were related to the water utility's water conservation program and capital projects fund. The Enterprise Fund will now maintain these assets.

Analysis of Activities

The statement of activities shows how the government's net position changed during fiscal year 2015. The City's net position decreased overall by $10 million as shown on the condensed summaries below and on the following pages.

Condensed Statement of Activities
Primary Government

	For the year ended June 30, 2015	For the year ended June 30, 2014	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 23,283,090	$ 23,735,368	$ (452,278)	-1.91%
Operating grants and contributions	8,827,408	8,656,867	170,541	1.97%
Capital grants and contributions	16,638,708	3,435,672	13,203,036	384.29%
General revenues:				
Taxes	37,914,989	36,872,233	1,042,756	2.83%
Unrestricted investment earnings	658,865	668,365	(9,500)	-1.42%
Total Revenues	87,323,060	73,368,505	13,954,555	19.02%
Expenses:				
General government	3,280,458	3,312,809	(32,351)	-0.98%
Public safety	40,670,172	44,091,261	(3,421,089)	-7.76%
Public works	11,358,510	12,016,265	(657,755)	-5.47%
Community development	8,417,841	7,843,505	574,336	7.32%
Community services	2,854,580	2,863,068	(8,488)	-0.30%
Interest on long term debt	185,852	201,770	(15,918)	-7.89%
Water enterprise	13,625,444	12,879,866	745,578	5.79%
Total Expenses	80,392,857	83,208,544	(2,815,687)	-3.38%
Excess (Deficit) of Revenues over Expenses	6,930,203	(9,840,039)	16,770,242	-170.43%
Extraordinary loss	(16,963,040)	(19,235,515)	2,272,475	~
Restatement*	-	(84,672,335)	84,672,335	~
Change in Net Position	(10,032,837)	(113,747,889)	103,715,052	-91.18%
Net Position - Beginning of Year, Restated	232,234,309	345,982,198	(113,747,889)	-32.88%
Net Position - End of Year	$ 222,201,472	$ 232,234,309	$ (10,032,837)	-4.32%

*As restated and disclosed in Note 17 to the Basic Financial Statements.

Condensed Statement of Activities
Governmental Activities

	For the year ended June 30, 2015	June 30, 2014	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 9,080,992	$ 8,993,286	$ 87,706	0.98%
Operating grants and contributions	8,827,408	8,656,867	170,541	1.97%
Capital grants and contributions	16,638,708	3,435,672	13,203,036	384.29%
General revenues:				
Taxes	37,914,989	36,872,233	1,042,756	2.83%
Unrestricted investment earnings	550,512	632,038	(81,526)	-12.90%
Total Revenues	73,012,609	58,590,096	14,422,513	24.62%
Expenses:				
General government	3,280,458	3,312,809	(32,351)	-0.98%
Public safety	40,616,802	44,091,261	(3,474,459)	-7.88%
Public works	11,358,510	12,016,265	(657,755)	-5.47%
Community development	8,417,841	7,843,505	574,336	7.32%
Community services	2,854,580	2,863,068	(8,488)	-0.30%
Interest on long term debt	185,852	201,770	(15,918)	-7.89%
Total Expenses	66,714,043	70,328,678	(3,614,635)	-5.14%
Excess (Deficit) of Revenues over Expenses	6,298,566	(11,738,582)	18,037,148	-153.66%
Transfers	(4,525,088)	660,654	(5,185,742)	-784.94%
Extraordinary loss	(16,963,040)	(19,235,515)	2,272,475	-11.81%
Restatement*	-	(79,795,457)	79,795,457	~
Change in Net Position	(15,189,562)	(110,108,900)	94,919,338	-86.20%
Net Position - Beginning of Year, Restated	201,232,165	311,341,065	(110,108,900)	-35.37%
Net Position - End of Year	$ 186,042,603	$ 201,232,165	$ (15,189,562)	-7.55%

*As restated and disclosed in Note 17 to the Basic Finanacial Statements.

Governmental activities decreased the City's net position by $15.2 million or 7.55%. Revenues increased by $14.4 million or 24.62%. The majority of the increase is in program revenues related to capital grants and contributions, which increased by $13.2 million or 384.29%. This revenue source will vary from year to year, depending on the completion of grant funded projects. The current year includes capital assets of $16.6 million transferred from SAWRA to the City. These additions, for the most part are construction in progress projects on public use properties. All other revenues remained fairly static as compared to fiscal year 2014. Tax revenue increased by $1.0 million or 2.83%.

Program expenses decreased most significantly in the area of public safety, which had a decrease of $3.5 million or 7.88%. Fiscal year 2014 included approximately $4.9 million in expenses related to legal proceedings. Similar expenses in the current year totaled $1.2 million. Absent this expense, and various other one-time fiscal year 2014 costs, fiscal year 2015 public safety expenses increased by $2.1 million or 5.5%. This increase is due in part to a $1.1 million increase in salaries and related payroll costs, and an approximate increase of $576,000 in the City's fire contract with the Orange County Fire Authority (OCFA), and various other increases in operating expenses.

In fiscal year 2015, program revenues funded 52.89% of total expenses, compared to just 29.98% in fiscal year 2014. General revenues fully funded the balance of expenses not funded from program revenues in fiscal year 2015.

Transfers increased by $5.2 million. As noted previously, the City transferred approximately $4.0 million to the Enterprise Fund during the year. This was done to more accurately account for the water utility related activity (conservation and capital project related) previously accounted for in the governmental funds. Other transfers mainly related to capital projects, and will vary somewhat from year to year.

The City shows an extraordinary loss of $17.0 million in governmental activities during the year. As with the loss reported in fiscal year 2014, this is the net amount of property that was transferred between the City and SAWRA. Additional information on this transaction can be found in Notes 6 and 15 in the Notes to the Basic Financial Statements.

The $79.8 million restatement noted for fiscal year 2014 related to the implementation of the GASB statements for pension liabilities and the reallocation of a portion of the OPEB obligation from the governmental activities to business-type activity.

Condensed Statement of Activities
Business-type Activity

	For the year ended June 30, 2015	For the year ended June 30, 2014	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 14,202,098	$ 14,742,082	$ (539,984)	-3.66%
General revenues:				
Unrestricted investment earnings	108,353	36,327	72,026	198.27%
Total Revenues	14,310,451	14,778,409	(467,958)	-3.17%
Expenses:				
Water enterprise	13,625,444	12,879,866	745,578	5.79%
Total Expenses	13,625,444	12,879,866	745,578	5.79%
Excess of Revenues over Expenses	685,007	1,898,543	(1,213,536)	-63.92%
Transfers	4,525,088	(660,654)	5,185,742	-784.94%
Restatement*	-	(4,930,248)	4,930,248	~
Change in Net Position	5,210,095	(3,692,359)	8,902,454	-241.10%
Net Position - Beginning of Year, Restated	30,948,774	34,641,133	(3,692,359)	-10.66%
Net Position - End of Year	$ 36,158,869	$ 30,948,774	$ 5,210,095	16.83%

*As restated and disclosed in Note 17 to the Basic Finanacial Statements.

Business-type activity increased the City's net position by $5.2 million or 16.83% in fiscal year 2015. For the most part, revenues and expenses were static for fiscal years 2015 and 2014. The largest changes occurred in transfers and unrestricted investment earnings.

Transfers increased by $5.2 million. Again these transfers consist primarily of the $4.0 million transfer from the governmental funds as previously noted. Also as a result of this transfer, unrestricted investment earnings increased by $72,026 or 198.27% due to an overall increase in the average cash balance throughout the year.

The $4.9 million restatement noted for fiscal year 2014 relates to the implementation of the GASB statements for pension liabilities and the reallocation of a portion of the OPEB obligation from the governmental activities to business-type activity.

FINANCIAL ANALYSIS OF CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Overall, the City had a net decrease of $6.7 million governmental to fund balances in fiscal year 2015 and a net increase of $4.0 million to its proprietary funds' net position.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City presents its financial statements in compliance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of the Statement is to present useful fund balance information by providing clear fund balance classifications and governmental fund type definitions. The Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of $74.7 million, a decrease of $6.7 million in comparison with the prior year. Of the $74.7 million, $47,687 or 0.1% is classified as non-spendable fund balance; $32.7 million or 43.8%, is classified as restricted fund balance; $20.1 million or 26.9%, is classified as assigned fund balance; and $21.8 million or 29.2% is classified as unassigned fund balance. For a more detailed description of these classifications see Note 12 in the Notes to the Basic Financial Statements.

The General Fund is the chief operating fund of the City. As of June 30, 2015, the total fund balance was $22.1 million. The non-spendable portion of this balance is $47,687. The remaining unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 45.47% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

<u>Governmental Funds</u>

- The **General Fund** experienced a $2.0 million decrease in fund balance in fiscal year 2015, compared to a $1.8 million decrease in fiscal year 2014. Revenues were $46.6 million, an increase of $1.1 million compared to fiscal year 2014, while expenditures were $48.6 million, an increase of $2.7 million from 2014. Taxes revenue increased by $1.0 million, or 3%. For the most part, revenues were fairly static in comparison to fiscal year 2014. Although overall expenditures increased by $2.7 million, cost cutting measures are continuing for all departments. Some rehiring of vacant positions took place during the year resulting in an overall increase of $1.3 million in personnel related costs. Included in this increase are PERS rates which will continue to grow each year. In fiscal year 2015, PERS rates increased by 0.73 percentage points for miscellaneous employees and up to 1.68 percentage points for some safety employees. In addition to these cost increases, the City's contract with the Orange County Fire Authority (OCFA) has mandatory annual increases. Overall fire safety costs increased $0.6 million during the year. Other financing sources and uses totaled -$78,709, a decrease of $1.3 million compared to the prior year.

- The **Westminster Housing Authority Fund** balance declined by a $1.0 million decrease in 2015. In 2013, $14.6 million was recognized in this fund as a long-term receivable from the Successor Agency. This amount represents prior Supplemental Educational Revenue Augmentation Fund (SERAF) payments made by the former Low to Moderate Income Housing Fund of the predecessor Westminster Redevelopment Agency on behalf of the Agency's project funds. This receivable is to be repaid over a number of years from future tax increment funds received by the Successor Agency. During fiscal year 2015, $644,741 of this advance was reimbursed leaving the receivable balance at $12.5 million at year-end. The fund's $26.4 million fund balance is restricted for low and moderate income housing purposes.

- The **Housing and Community Development Fund** had its fund balance increase by $361,317. This is a grant program which is reimbursed periodically throughout the year. The current year's transfers out was to the Capital Projects Fund for a street improvement and community facility project.

- The **Special Gas Tax and Street Improvements Fund** recognized a $1,366 decrease in its fund deficit during the fiscal year 2015. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received $5.2 million in revenue in fiscal year 2015, compared to expenditures of $1.9 million. Resources were transferred out in the amount of $3.3 million. As of June 30, 2015 this fund had a fund deficit of $40,531.

- The **Capital Improvements Capital Projects Fund** balance decreased by $2.4 million. There were $11 million of transfers into the fund from various other funds to complete newly approved projects. A total of $4.2 million was spent on capital outlay during the year. In addition, $9.2 million in closed or completed projects was transferred back to the source funds. See Note 6 in the Notes to the Basic Financial Statements for additional information.

- **Other Governmental Funds**, which are the City's non-major funds, recognized a combined decrease of $1.7 million to fund balances. These funds are further detailed in the Other Supplementary Information section of this annual report.

<u>Proprietary Funds</u>

- The **Enterprise (Water) Fund** recorded an increase of $5.4 million to its net position during fiscal year 2015. Operating income was $1.0 million and non-operating expenses were $0.1 million. The majority of the current year's $4.6 million of transfers-in were from the governmental Capital Projects Fund, as previously discussed.

- The **Internal Service Funds** had its net position decline by $1.4 million. These funds had an operating loss of $1.5 million and non-operating income of $5,690 and net transfer in of $67,642. These funds finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis. The City reports four internal service funds in its audited financial statements. These funds are further detailed in the Other Supplementary Information section of this annual report.

BUDGETARY HIGHLIGHTS

When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative methods so as to budget its expenditure appropriations in a prudent manner. Amendments were approved during the year to the adopted budget. Comparing the FY 2014-15 General Fund's original (adopted) budget revenue amount of $45.3 million to the final budgeted revenue amount of $46.1 million shows a net $789,450 increase. The majority of the increase was due to additional property taxes received in the general fund as a result of the WRA dissolution. The FY 2014-15 General Fund's original (adopted) budget for expenditures was $48.1 million and the final budget was $49.1 million, a net increase of $1.0 million.

The General Fund reflected a net total positive budget variance of $1.2 million when comparing actual amounts to the final amended budget for the current fiscal year. The ending actual revenue shows a positive variance of $589,609 or 1.3% of the final budget. The variances of all of the individual revenue categories were of similar size, in terms of dollars, with five being positive and two being negative. In terms of percentage variances, the largest positive variance occurred in intergovernmental revenue, at 246.71% of the final budget, and the largest negative variance was in investment and rental revenue, at -10.18% of the final budget.
Actual expenditures of $48.6 million generated budgetary savings of $0.5 million, or 1.1% of the final budget. Most of the savings were in general government, public safety and public works programs.

The General Fund budgetary comparison schedule can be found in the Required Supplementary Information section of this annual report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) at June 30, 2015 and June 30, 2014 are summarized below:

Capital Assets (net of accumulated depreciation)

	June 30, 2015		
	Governmental Activities	Business-type Activity	Total
Land	$ 11,703,975	$ 2,484,846	$ 14,188,821
Construction in progress	19,360,245	-	19,360,245
Buildings	67,178,127	3,221	67,181,348
Improvements other than buildings	9,825,039	9,413,001	19,238,040
Water distribution lines	-	16,665,923	16,665,923
Vehicles, machinery and equipment	3,164,294	4,040,626	7,204,920
Office furniture and equipment	3,589,803	76,740	3,666,543
Leased property	479,905	-	479,905
Infrastructure	93,734,980	-	93,734,980
Total capital assets, net	$ 209,036,368	$ 32,684,357	$ 241,720,725

	June 30, 2014		
	Governmental Activities	Business-type Activity	Total
Land	$ 11,703,975	$ 2,484,846	$ 14,188,821
Construction in progress	3,130,034	-	3,130,034
Buildings	85,887,624	3,527	85,891,151
Improvements other than buildings	9,375,199	9,648,026	19,023,225
Water distribution lines	-	15,967,156	15,967,156
Vehicles, machinery and equipment	3,316,373	4,211,198	7,527,571
Office furniture and equipment	3,262,440	84,093	3,346,533
Leased property	727,667	-	727,667
Infrastructure	98,987,179	-	98,987,179
Total capital assets, net	$ 216,390,491	$ 32,398,846	$ 248,789,337

Capital assets as of June 30, 2015 totaled $241.7 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, infrastructure, and construction in progress. The total decrease in capital assets for fiscal year 2015 was $7.1 million, composed of a $7.4 million or 3.4% decrease for governmental activities and a $285,511 or 0.9% increase for business-type activity. Noteworthy changes to capital assets during fiscal year 2015 included the following:

- The City added $2.1 million in infrastructure.
- The City added $1.0 million in park landscaping and irrigation improvements.
- From the buildings category the City transferred a $17.0 million parking structure to SAWRA as part of the continuing dissolution of the WRA.

- The City added $1.4 million in new water distribution lines.
- Construction in progress increased by $16.2 million during the year.
- Annual depreciation expense was $12.8 million - $11.6 million on assets related to governmental activities assets and $1.2 million on assets related to business-type activities (water utility).

Additional information on the City's capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

Long-term debt:

Long-term debt for June 30, 2015 and June 30, 2014 is summarized below:

Outstanding Debt

	June 30, 2015		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	$ 3,330,000	$ 2,565,000	$ 5,895,000
Leases payable	479,507	-	479,507
Loans payable	-	1,686,655	1,686,655
Total outstanding debt	$ 3,809,507	$ 4,251,655	$ 8,061,162

	June 30, 2014		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	$ 3,855,000	$ 2,800,000	$ 6,655,000
Leases payable	552,088	-	552,088
Loans payable	-	1,797,198	1,797,198
Total outstanding debt	$ 4,407,088	$ 4,597,198	$ 9,004,286

At the end of fiscal year 2015, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of $8.1 million. The City's total debt decreased by $0.9 million or 10.5%, during fiscal year 2015. The decrease in governmental long-term debt of $0.6 million was the result of ongoing debt service payments on certificates of participation and leases payable related to the City's vehicle fleet. The decrease in business-type debt of $0.3 million was the result of ongoing debt service payments on certificates of participation and loans payable. Additional information can be found in Note 7 in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The national, regional and local economies continue to improve, six years after the official end of the "Great Recession." The City of Westminster has seen positive impacts of the improving economy as tax revenue – most notably property and sales – has grown in recent years. This is an important improvement since tax revenue comprises 78% of General Fund revenue. As the local real estate market improves, increased assessed values of property translate into additional property tax revenue. Most importantly, as consumers return to pre-recession consumption habits, sales tax receipts improve through increased retail and automobile sales.

However, the City continues to manage a structural deficit. Fiscal Year 2014-15 ended with actual expenditures exceeding actual revenue in the General Fund by $2.0 million. The General Fund has continued to operate at a deficit (expenditures exceeding revenue) since fiscal year 2009.

The City has made a concerted effort to control the growth of expenditures. The City continues to provide services at ratios equal to or exceeding other "full service" cities, while maintaining a ratio for employees per capita that is below the County average, and General Fund expenditures per capita ratio that is substantially below that of the County average:

	City	County Average
Employees per capita (1,000)	3.67	4.56
General Fund costs per capita	$526	$777

The City has dedicated itself to delivering cost-effective service, without sacrificing the quality and level of service that is important to the overall quality of life, health and safety of the community.

The adopted budget for FY 2015-16 includes a General Fund deficit of $3.8 million. The budget authorizes $52.3 million in General Fund expenditures vs. $47.4 million in estimated revenue and $1.5 million in net transfers in from other funds. The City Council has acknowledged the importance of continuing to provide essential services to residents such as police, code enforcement, community services and park and street maintenance. Currently, the City is fortunate to have healthy General Fund reserves in order to continue providing these services. The General Fund ended FY 2014-15 with $22.1 million in unassigned fund balance, or approximately 45.47% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end FY 2015-16 with $17.2 million in reserves, representing 33.0% of FY 2015-16 budgeted expenditures.

Total General Fund revenues are estimated to increase 0.9% over actual FY 2014-15 revenues. Taxes are the largest revenue source in the City, comprising approximately 78% of General Fund revenue. Total tax revenues are projected to grow 3.4% over FY 2014-15 actuals. Both property tax revenue and sales tax revenue continue to experience moderate growth, and the FY 2015-16 budget estimates a 3.8% increase over FY 2014-15 actuals for each of these revenue sources.

General Fund expenditure appropriations across all departments are projected to be 7.6% higher when compared to FY 2014-15 actuals. The FY 2015-16 budget included some supplemental requests aimed at enhancing and restoring services: additional personnel in public works, as well as increased contractual appropriations for energy maintenance related operational needs. In addition, the City's budget for the Orange County Fire Authority (OCFA) was increased 3.25%.

The memoranda of understanding (MOU) between the City and the Police and Municipal Employee groups that were approved during fiscal year 2015 will expire on June 30, 2016. It is hoped that successor MOUs can be agreed upon prior to the end of the 2015-16 fiscal year in order to provide stability and predictability to future budget development discussions. Some of the "savings" passed in the current MOU require employees to pay the full employee share -- and in some instances, some of the employer share -- of retirement contributions.

The adopted FY 2015-16 budget included projections of future General Fund deficits for FY 2016-17 and 2017-18 of $3.9 million and $9.6 million, respectively. A financial advisory task force was appointed by the City Council in October 2015 and a financial consultant has been hired by the City to address possible solutions to the City's ongoing structural deficit.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial position of the City for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the City of Westminster, 8200 Westminster Boulevard, Westminster, CA 92683, or call (714) 898-3311 or visit our website at www.westminster-ca.gov.

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BASIC FINANCIAL STATEMENTS

CITY OF WESTMINSTER

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	$ 54,251,117	$ 7,235,489	$ 61,486,606
Receivables, net of allowances (Note 4)	22,681,613	2,270,740	24,952,353
Prepaid items	217,094	-	217,094
Internal balances	(1,232,059)	1,232,059	-
Inventory	33,809	122,104	155,913
Restricted assets:			
Cash and investments (Note 2)	12,717,370	3,728,022	16,445,392
Cash and investments with fiscal agents (Note 2)	5	112,548	112,553
Advance to Successor Agency	12,501,019	-	12,501,019
Land held for resale (Note 5)	796,610	-	796,610
Capital assets (Note 6):			
Not being depreciated:			
Land	11,703,975	2,484,846	14,188,821
Construction in progress	19,360,245	-	19,360,245
Being depreciated (net of accumulated depreciation):			
Buildings	67,178,127	3,221	67,181,348
Improvements other than buildings	9,825,039	9,413,001	19,238,040
Water distribution lines	-	16,665,923	16,665,923
Vehicles, machinery and equipment	3,164,294	4,040,626	7,204,920
Office furniture and equipment	3,589,803	76,740	3,666,543
Leased property	479,905	-	479,905
Infrastructure	93,734,980	-	93,734,980
TOTAL ASSETS	311,002,946	47,385,319	358,388,265
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	171,577	233,965	405,542
Deferred amounts on pension plans (Note 8)	4,427,197	179,630	4,606,827
TOTAL DEFERRED OUTLFOWS OF RESOURCES	4,598,774	413,595	5,012,369
LIABILITIES:			
Accounts payable and other liabilities	3,350,043	1,985,449	5,335,492
Due to other governments	4,492,523	-	4,492,523
Unearned revenue	79,912	-	79,912
Deposits	750,318	24,626	774,944
Long-term liabilities:			
Due within one year (Note 7)	5,366,275	510,754	5,877,029
Due in more than one year (Note 7)	97,194,642	8,581,383	105,776,025
TOTAL LIABILITIES	111,233,713	11,102,212	122,335,925
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plans (Note 8)	18,325,404	537,833	18,863,237
NET POSITION:			
Net investment in capital assets	205,398,439	28,666,666	234,065,105
Restricted for:			
Community development	15,460,606	-	15,460,606
Public safety	1,875,768	-	1,875,768
Public works	1,569,826	-	1,569,826
Debt service	-	112,548	112,548
Unrestricted	(38,262,036)	7,379,655	(30,882,381)
TOTAL NET POSITION	$ 186,042,603	$ 36,158,869	$ 222,201,472

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 3,280,458	$ 1,708,850	$ 117,199	$ -
Public safety	40,616,802	2,901,892	607,859	-
Public works	11,358,510	1,535,590	-	-
Community development	8,417,841	2,583,435	7,886,695	16,638,708
Community services	2,854,580	351,225	215,655	-
Interest on long term debt	185,852	-	-	-
Total governmental activities	66,714,043	9,080,992	8,827,408	16,638,708
Business-type activity:				
Water enterprise	13,625,444	14,202,098	-	-
Total	$ 80,339,487	$ 23,283,090	$ 8,827,408	$ 16,638,708

General revenues:

Unrestricted taxes:

Sales taxes

Property taxes, levied for general purposes

Utility users taxes

Business operation taxes

Franchise taxes

Transient occupancy taxes

Intergovernmental revenue - Motor vehicle taxes

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position, before extraordinary loss

Extraordinary loss

Change in net position

Net Position - Beginning of Year, as Restated (Note 17)

Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activity	Total
$ (1,454,409)	$ -	$ (1,454,409)
(37,107,051)	-	(37,107,051)
(9,822,920)	-	(9,822,920)
18,690,997	-	18,690,997
(2,287,700)	-	(2,287,700)
(185,852)	-	(185,852)
(32,166,935)	-	(32,166,935)
-	576,654	576,654
(32,166,935)	576,654	(31,590,281)
15,749,960	-	15,749,960
13,867,837	-	13,867,837
4,917,994	-	4,917,994
1,216,170	-	1,216,170
1,410,626	-	1,410,626
713,760	-	713,760
38,642	-	38,642
550,512	108,353	658,865
(4,525,088)	4,525,088	-
33,940,413	4,633,441	38,573,854
1,773,478	5,210,095	6,983,573
(16,963,040)	-	(16,963,040)
(15,189,562)	5,210,095	(9,979,467)
201,232,165	30,948,774	232,180,939
$ 186,042,603	$ 36,158,869	$ 222,201,472

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General	Special Revenue Funds: Westminster Housing Authority	Special Revenue Funds: Housing and Community Development
ASSETS			
Cash and investments (Note 2)	$ 21,119,169	$ -	$ 58,207
Receivables, net of allowances (Note 4)	4,485,390	11,562,237	5,625,571
Prepaid items	47,687	-	-
Due from other funds (Note 3)	100,000	-	-
Advance from Successor Agency	-	12,501,019	-
Land held for resale (Note 5)	-	796,610	-
Restricted assets:			
Cash and investments (Note 2)	-	1,630,975	-
Cash and investments with fiscal agents (Note 2)	-	-	-
TOTAL ASSETS	$ 25,752,246	$ 26,490,841	$ 5,683,778
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	$ 1,999,479	$ 46,572	$ 102,961
Deposits	638,375	-	-
Unearned revenue	6,480	-	73,432
Due to other funds (Note 3)	-	-	300,000
Due to other governments	6,419	-	4,486,104
TOTAL LIABILITIES	2,650,753	46,572	4,962,497
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	984,647	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,635,400	46,572	4,962,497
FUND BALANCES (DEFICIT) (NOTE 12):			
Nonspendable	47,687	-	-
Restricted	-	26,444,269	721,281
Assigned	-	-	-
Unassigned	22,069,159	-	-
TOTAL FUND BALANCES (DEFICIT)	22,116,846	26,444,269	721,281
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 25,752,246	$ 26,490,841	$ 5,683,778

See accompanying notes to basic financial statements.

Special Revenue Funds (Continued)	Capital Projects Fund		
Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ 642,620	$ 14,375,785	$ 6,820,363	$ 43,016,144
528,258	-	128,216	22,329,672
-	-	-	47,687
-	1,350,000	-	1,450,000
-	-	-	12,501,019
-	-	-	796,610
-	3,776,587	-	5,407,562
-	-	5	5
$ 1,170,878	$ 19,502,372	$ 6,948,584	$ 85,548,699

$ 61,409	$ 792,322	$ 85,129	$ 3,087,872
-	-	111,943	750,318
-	-	-	79,912
1,150,000	-	-	1,450,000
-	-	-	4,492,523
1,211,409	792,322	197,072	9,860,625
-	-	2,673	987,320
1,211,409	792,322	199,745	10,847,945
-	-	-	47,687
221,378	-	5,340,693	32,727,621
-	18,710,050	1,408,146	20,118,196
(261,909)	-	-	21,807,250
(40,531)	18,710,050	6,748,839	74,700,754
$ 1,170,878	$ 19,502,372	$ 6,948,584	$ 85,548,699

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CITY OF WESTMINSTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

Fund balances - total governmental funds		$ 74,700,754
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	$ 396,532,266	
Accumulated depreciation	(193,907,056)	
		202,625,210
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Activities. Internal Service funds net position are:		9,824,273
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2015 are:		
Certificates of participation payable	(2,347,493)	
Accrued interest	(7,901)	
		(2,355,394)
OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		(18,314,204)
Pension related debt applicable to the City's governmental activites are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:		
Deferred outflows of resources	4,427,197	
Deferred inlows of resources	(18,325,404)	
Pension liability	(67,527,149)	
		(81,425,356)
Long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund financial statements.		987,320
Net position of governmental activities		$ 186,042,603

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2015

		Special Revenue Funds	
	General	Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	$ 36,548,999	$ -	$ -
Licenses and permits	841,683	-	-
Fines	1,049,660	-	4,700
Investment and rental	1,265,532	39,488	-
Intergovernmental	332,838	-	2,496,123
Charges for services	6,236,327	-	-
Other	374,020	4,931	-
TOTAL REVENUES	46,649,059	44,419	2,500,823
EXPENDITURES:			
Current:			
General government	2,772,608	-	-
Public safety	37,612,378	-	-
Public works	4,059,709	-	-
Community development	1,903,933	1,039,231	1,569,990
Community services	2,085,968	-	-
Capital outlay	176,846	-	53,004
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	48,611,442	1,039,231	1,622,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,962,383)	(994,812)	877,829
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	10,414	-	-
Transfers in	46,877	-	18,488
Transfers out	(136,000)	-	(535,000)
TOTAL OTHER FINANCING SOURCES (USES)	(78,709)	-	(516,512)
NET CHANGE IN FUND BALANCES	(2,041,092)	(994,812)	361,317
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	24,157,938	27,439,081	359,964
FUND BALANCES (DEFICIT) - END OF YEAR	$ 22,116,846	$ 26,444,269	$ 721,281

See accompanying notes to basic financial statements.

Special Revenue Funds (Continued)	Capital Projects Fund		
Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ 3,491,798	$ -	$ 1,303,036	$ 41,343,833
-	-	-	841,683
-	-	-	1,054,360
34,011	9,554	112,521	1,461,106
1,577,806	-	1,006,442	5,413,209
73,633	-	743,165	7,053,125
9,562	-	111,114	499,627
5,186,810	9,554	3,276,278	57,666,943
-	-	64,945	2,837,553
-	-	542,263	38,154,641
-	-	-	4,059,709
1,686,951	-	1,152,872	7,352,977
-	-	264,062	2,350,030
4,200	4,222,331	108,942	4,565,323
169,311	-	200,789	370,100
52,390	-	62,429	114,819
1,912,852	4,222,331	2,396,302	59,805,152
3,273,958	(4,212,777)	879,976	(2,138,209)
-	-	-	10,414
4,408	11,041,615	333,007	11,444,395
(3,277,000)	(9,225,000)	(2,864,125)	(16,037,125)
(3,272,592)	1,816,615	(2,531,118)	(4,582,316)
1,366	(2,396,162)	(1,651,142)	(6,720,525)
(41,897)	21,106,212	8,399,981	81,421,279
$ (40,531)	$ 18,710,050	$ 6,748,839	$ 74,700,754

CITY OF WESTMINSTER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Net change in fund balances - total governmental funds		$ (6,720,525)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expense and capital contributions exceeded depreciation in the current period.		
Net change in capital assets	$ 3,726,143	
Depreciation expense	(10,450,598)	
Contribution of capital assets from the Successor Agency	16,638,708	
Contribution of capital assets to the Successor Agency	(16,963,040)	
		(7,048,787)
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		370,100
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Net change in accrued interest	1,173	
OPEB expense	(960,923)	
		(959,750)
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		360,483
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, telephones, and warehouse operations to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities.		(1,215,394)
Some revenues reported previously in the Statement of Activities were reported as revenues in the governmental funds as they were received in the current fiscal year.		
Net change in sales tax accrual		24,311
Change in net position of governmental activities		$ (15,189,562)

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2015

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	$ 7,235,489	$ 11,234,973
Receivables, net of allowances	2,270,740	351,941
Prepaid items	-	169,407
Inventories	122,104	33,809
Restricted assets:		
Cash and investments	3,728,022	7,309,808
Cash and investments with fiscal agents	112,548	-
TOTAL CURRENT ASSETS	13,468,903	19,099,938
CAPITAL ASSETS:		
Land	2,484,846	-
Construction in progress	-	124,840
Buildings	91,579	4,384,878
Water distribution lines	44,702,984	-
Improvements other than buildings	11,808,269	622,855
Vehicles	-	3,805,344
Machinery and equipment	13,082,188	225,343
Office furniture, computers and equipment	166,833	2,506,995
Leased property	-	1,384,861
TOTAL CAPITAL ASSETS	72,336,699	13,055,116
Less accumulated depreciation	(39,652,342)	(6,643,958)
NET CAPITAL ASSETS	32,684,357	6,411,158
TOTAL ASSETS	46,153,260	25,511,096
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	233,965	171,577
Deferred amounts on pension plans	179,630	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	413,595	171,577

See accompanying notes to basic financial statements. (Continued)

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(CONTINUED)

June 30, 2015

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 1,985,449	$ 254,271
Deposits	24,626	-
Claims payable	-	2,707,230
Compensated absences	156,330	1,789,778
Leases payable	-	324,267
Certificates of participation	240,000	160,800
Loans payable	114,424	-
TOTAL CURRENT LIABILITIES	2,520,829	5,236,346
LONG-TERM LIABILITIES:		
Claims payable	-	8,121,690
Compensated absences	25,449	291,359
Leases payable	-	155,240
Certificates of participation	2,325,000	821,706
Loans payable	1,572,231	-
OPEB liability	2,100,599	-
Pension liability	2,558,104	-
TOTAL LONG-TERM LIABILITIES	8,581,383	9,389,995
TOTAL LIABILITIES	11,102,212	14,626,341
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts on pension plans	537,833	-
NET POSITION:		
Net investment in capital assets	28,666,666	5,120,722
Restricted for debt service	112,548	-
Unrestricted	6,147,596	5,935,610
TOTAL NET POSITION	34,926,810	$ 11,056,332
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,232,059	
Net position of business-type activity	$ 36,158,869	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the year ended June 30, 2015

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	$ 13,998,768	$ 20,807,950
Other	203,330	2,585,390
TOTAL OPERATING REVENUES	14,202,098	23,393,340
OPERATING EXPENSES:		
Salaries	2,721,879	5,391,766
Maintenance and operations	3,260,744	5,689,175
Purchased water	3,536,426	-
Equity taxes	2,460,927	-
Insurance premiums and legal fees	2,226	3,399,619
Claims and benefits	-	9,249,658
Depreciation and amortization	1,225,210	1,168,588
TOTAL OPERATING EXPENSES	13,207,412	24,898,806
OPERATING INCOME (LOSS)	994,686	(1,505,466)
NONOPERATING REVENUES (EXPENSES):		
Investment income	108,353	65,530
Interest and fiscal charges	(201,293)	(72,206)
Gain on sale of property and equipment	-	12,366
TOTAL NONOPERATING REVENUES (EXPENSES)	(92,940)	5,690
INCOME (LOSS) BEFORE TRANSFERS	901,746	(1,499,776)
TRANSFERS:		
Transfers in	4,589,288	857,642
Transfers out	(64,200)	(790,000)
TOTAL TRANSFERS	4,525,088	67,642
CHANGE IN NET POSITION	5,426,834	(1,432,134)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	29,499,976	12,488,466
NET POSITION - END OF YEAR	$ 34,926,810	$ 11,056,332
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	$ (216,739)	
Change in net position - Enterprise Funds	5,426,834	
Change in net position of business-type activity	$ 5,210,095	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2015

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 14,572,330	$ 23,879,488
Payment to suppliers	(9,344,989)	(17,820,395)
Payment to employees	(2,558,621)	(5,262,429)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,668,720	796,664
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	4,589,288	857,642
Cash paid to other funds	(64,200)	(790,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	4,525,088	67,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(1,510,721)	(920,242)
Proceeds from sale of assets	-	69,356
Principal payments on capital leases	-	(72,581)
Principal payments on long-term debt	(345,543)	(154,899)
Interest and fiscal charges	(175,301)	(47,414)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,031,565)	(1,125,780)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	108,353	65,530
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,270,596	(195,944)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,805,463	18,740,725
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 11,076,059	$ 18,544,781
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	$ 7,235,489	$ 11,234,973
Cash and investments - restricted assets	3,840,570	7,309,808
TOTAL CASH AND CASH EQUIVALENTS	$ 11,076,059	$ 18,544,781

See accompanying notes to basic financial statements. (Continued)

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2015

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 994,686	$ (1,505,466)
Depreciation and amortization	1,225,210	1,168,588
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	370,232	11,828
(Increase) decrease in prepaid items	-	180,883
(Increase) decrease in inventories	(14,933)	13,134
(Increase) decrease in deferred outflows on pensions	(10,101)	-
Increase (decrease) in accounts payable and other liabilities	16,925	(899,025)
Increase (decrease) in claims payable	-	1,697,385
Increase (decrease) in deferred inflows on pensions	537,833	-
Increase (decrease) in OPEB	110,216	-
Increase (decrease) in pension liability	(551,290)	-
Increase (decrease) in compensated absences payable	(10,058)	129,337
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,668,720	$ 796,664
NONCASH ITEM:		
Capital lease proceeds	$ -	$ 163,708

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	$ 13,877,774	$ -
Interest receivable	21,195	-
Restricted assets:		
Cash and investments	-	8,455
Cash and investments with fiscal agents	28,182,382	-
TOTAL CURRENT ASSETS	42,081,351	8,455
NONCURRENT ASSETS:		
Capital Assets (Note 15):		
Not being depreciated:		
Land	24,525,485	-
Being depreciated (net of accumulated depreciation):		
Building	16,963,040	-
TOTAL NONCURRENT ASSETS	41,488,525	-
TOTAL ASSETS	83,569,876	$ 8,455
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	2,500,612	$ -
Certificates of participation, current portion	1,890,000	-
Due to bondholders	-	8,455
Due to the City of Westminster	304,832	-
TOTAL CURRENT LIABILITIES	4,695,444	8,455
LONG-TERM LIABILITIES:		
Certificates of participation	117,970,000	-
Advance payable to Housing Authority	13,713,792	-
TOTAL LONG-TERM LIABILITIES	131,683,792	-
TOTAL LIABILITIES	136,379,236	$ 8,455
NET POSITION:		
Net position for private purpose	(52,809,360)	
TOTAL NET POSITION	$ (52,809,360)	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2015

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes and assessments	$ 16,814,897
Investment and rental	111,133
TOTAL ADDITIONS	16,926,030
DEDUCTIONS:	
General government	728,864
Community development	2,516,083
Interest and fiscal expense	6,665,039
Contribution to City	16,638,708
TOTAL DEDUCTIONS	26,548,694
CHANGE IN NET POSITION, BEFORE EXTRAORDINARY ITEM	(9,622,664)
EXTRAORDINARY ITEM:	
Transfer of building from City of Westminster	16,963,040
CHANGE IN NET POSITION	7,340,376
NET POSITION AT BEGINNING OF YEAR	(60,149,736)
NET POSITION AT END OF YEAR	$ (52,809,360)

See accompanying notes to basic financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Reporting Entity:

The basic financial statements of the City of Westminster include the activities of the City, the Westminster Public Financing Authority and the Westminster Housing Authority.

The City of Westminster was incorporated in 1957 under the General Laws of the State of California. The City operates under a Council-Manager form of government governed by a five-member council and provides the following services: public safety (police, fire, paramedic and ambulance), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statements. The City of Westminster is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Westminster Public Financing Authority and Westminster Housing Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, these basic financial statements present the City and its component units, the Westminster Public Financing Authority and the Westminster Housing Authority. Each blended component unit has a June 30 year end.

The Westminster Public Financing Authority (the Authority) was established on March 23, 1993 pursuant to California Government Code, Section 6500. The Authority was established to provide a financing mechanism for the City's and Agency's various public projects. A separate fund is not maintained for the Authority as principal and interest payments on debt issued by the Authority is paid directly by the City. The payments are reported in the Special Revenue, Enterprise and Internal Service Funds. There are no separate Basic Financial Statements prepared for the Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Description of the Reporting Entity (Continued):

The Westminster Housing Authority (the Housing Authority) was established on February 9, 2011 in accordance with California Housing Authority Law (Health and Safety Code Sections 34200). The Housing Authority was established to provide the City with the ability to participate in one or more of the public Housing Programs offered by Housing and Urban Development (HUD). As such, the City will be able to own and operate housing developments, alleviating the need to find prospective owners or operators for the units created. The Housing Authority is governed by the City Council which has full accountability for the Housing Authority's fiscal affairs. Certain assets of the former Redevelopment Agency's Low and Moderate Income Housing Funds were transferred to the Housing Authority on February 1, 2012. The activity of the Housing Authority is reported in the Special Revenue Funds. There are no separate Basic Financial Statements prepared for the Housing Authority.

The accounting policies of the City of Westminster, the Westminster Public Financing Authority and the Westminster Housing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements (Continued):

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements represent private purpose trust funds and agency funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary and private purpose trust fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Under the modified accrual basis of accounting, 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The City's Fiduciary Funds consists of a private purpose trust fund which is reported using the economic resources measurement focus and an agency fund which has no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

All governmental and business-type activities and enterprise funds of the City follow GASB pronouncements.

Fund Classifications:

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Westminster Housing Authority Special Revenue Fund is used to account for revenues received primarily from loan repayments and the associated expenditures to be used for increasing or improving low and moderate income housing. The assets in this fund were transferred to the City upon dissolution of the Westminster Redevelopment Agency.

The Housing and Community Development Special Revenue Fund is used to account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are to be used for the development of a viable community by providing decent housing, suitable living environment, and expanding economic opportunities, principally for persons with low and moderate income.

The Special Gas Tax and Street Improvements Special Revenue Fund is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California, Measure M sales taxes, and various grant programs available for street-related expenditures. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

The Capital Improvements Capital Projects Fund is used to account for City projects funded by various sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

The City reports the following major enterprise fund:

The Water Enterprise Fund is used to account for the provision of water services to residential, commercial and industrial customers.

The City's fund structure also includes the following fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include risk management, compensation and benefits, motor pool and equipment maintenance, and facilities maintenance.

The Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the Westminster Redevelopment Agency.

The Agency Fund is used to account for money and property held by the City as trustee or custodian. This fund is used to account for the 1915 Act Bonds (Limited Obligation Improvement Bonds) for which the City acts as an agent for debt service activity.

New Accounting Pronouncements:

Current Year Standards

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the net position at July 1, 2014 by $81,785,840 and $2,939,865, in the governmental activities and business-type activity, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Pronouncements (Continued):

Current Year Standards (Continued)

GASB Statement No. 69 - *"Government Combinations and Disposals of Government Operations"* was required to be implemented in the current fiscal year and did not impact the City.

Pending Accounting Standards

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 72 - *"Fair Value Measurement and Application"*, effective for periods beginning after June 15, 2015.
- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.
- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017.
- GASB 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, effective for periods beginning after June 15, 2015.

Land Held for Resale:

Land held for resale is carried at the lower of cost or estimated realizable value determined only upon the execution of a disposition and development agreement.

Capital Assets:

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of 1 year or more.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued):

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges and right-of-way corridors within the City.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-Wide Financial Statements and in the Fund Financial Statements of the Enterprise Fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The lives used for depreciation purposes of each capital asset class are:

Buildings	30 to 50 years
Improvements other than buildings	20 years
Water distribution lines	65 years
Vehicles	4 to 15 years
Machinery and equipment	5 to 30 years
Office furniture, computers and equipment	5 to 20 years
Leased property	3 to 10 years
Infrastructure	20 to 50 years

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item is the deferred loss on refunding, net of accumulated amortization reported in the government-wide statement of net position and the proprietary funds financial statements. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item, *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The third item is a deferred inflow related to pensions for the changes in employer's proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Long-Term Obligations:

In the government-wide financial statements, the proprietary, and the fiduciary private purpose trust fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position and the fiduciary statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Long-Term Obligations (Continued):

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2015 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

Statement of Cash Flows:

For purposes of the Statement of Cash Flows, City's Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. As amounts are available to these Funds on demand, all cash and investments are considered to be cash and cash equivalents for statement of cash flow purposes.

Investments:

Investments are stated at fair value (quoted market price or best available estimate thereof).

Inventories:

Inventories are valued at cost, which approximates market, on a first-in, first-out basis. Inventory in the Enterprise Fund consists mostly of water meters and spare parts. Inventory in the Internal Service Funds consists of expendable supplies held for consumption.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1 and become delinquent December 11 and April 11. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2% per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

Compensated Absences:

Costs associated with compensated absences, along with any related accruals, are accounted for in the Compensation/Benefits Internal Service Fund. The costs for this program will be recovered from those governmental units through inter-departmental charges for services. Other proprietary funds with payroll costs account for their own respective compensated absences.

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) and the Public Agency Retirement System (PARS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable and notes receivable), fair value of investments, estimated useful lives of capital assets for depreciation purposes, annual required contribution requirements for the other post-employment benefit plan, annual pension costs and related items including the pension liabilities for the defined benefit plans, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2015 consisted of the following:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	$ 61,486,606	$ 13,877,774	$ 75,364,380
Total unrestricted assets	61,486,606	13,877,774	75,364,380
Restricted assets:			
Cash and investments	16,445,392	8,455	16,453,847
Cash and investments with fiscal agents	112,553	28,182,382	28,294,935
Total restricted assets	16,557,945	28,190,837	44,748,782
TOTAL CASH AND INVESTMENTS	$ 78,044,551	$ 42,068,611	$ 120,113,162

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

Cash and investments consist of deposits and investments, as noted below:

Primary Government

Deposits	$ 1,333,060
Investments	76,711,491
	$ 78,044,551

Fiduciary Funds

Pooled with the Primary Government	$ 8,455
Deposits	667,656
Investments	41,392,500
	$ 42,068,611

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Unrestricted assets - cash and investments" or "Restricted assets - cash and investments".

Investment income earned on pooled cash and investments is allocated to the various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City, including the fiduciary private purpose trust fund, by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the City's Investment Policy (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	No Limit	No Limit
United States Government Sponsored Agency Securities	5 years	No Limit	No Limit
Municipal Bonds	5 years	No Limit	5%
Banker's Acceptances	180 days	40%	5%
Federally Insured Time Deposits (Federal Deposit Insurance Corporation)	5 years	No Limit	Insured Amount
Time Deposits (Non-negotiable Certificates of Deposit)	5 years	20%	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	30%	No Limit
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	No Limit	No Limit
Commercial Paper	270 days	25%	5%
Local Agency Investment Fund (LAIF)	N/A	No Limit	$ 50,000,000
Corporate Medium Term Notes (MTN)	5 years	30%	5%
Mortgage Pass-through Securities/ Collateralized Mortgage Obligations/ Asset-Backed Securities	5 years	20%	No Limit
Money Market Mutual Funds	None	20%	No Limit

N/A - Not Applicable

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
United States Treasury Obligations	No Limit	No Limit	No Limit
United States Government Sponsored Agency Securities	No Limit	No Limit	No Limit
Banker's Acceptances	360 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Commercial Paper	270 days	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

Primary Government

Investment Type	Remaining Maturity (in Months) 12 Months or Less	13 - 36 Months	37 - 60 Months	Total
Local Agency Investment Fund (LAIF)	$ 12,491,983	$ -	$ -	$ 12,491,983
United States Treasury Obligations	2,012,422	6,766,373	5,220,634	13,999,429
Federal National Mortgage Association (FNMA)	2,405,871	3,302,632	3,934,383	9,642,886
Federal Home Loan Mortgage Corporation (FHLMC)	1,051,164	5,211,650	2,200,283	8,463,097
Federal Home Loan Bank (FHLB)	1,404,424	6,402,658	-	7,807,082
Federal Farm Credit Bank (FFCB)	1,439,275	2,662,198	-	4,101,473
Corporate Medium Term Notes (MTN)	-	7,926,084	6,275,267	14,201,351
Tennessee Valley Authority	-	-	1,109,595	1,109,595
Commercial Paper	1,028,970	-	-	1,028,970
Asset-Backed Securities	-	1,929,653	1,555,973	3,485,626
Money Market Mutual Funds	379,999	-	-	379,999
	$ 22,214,108	$ 34,201,248	$ 20,296,135	$ 76,711,491

Fiduciary Funds

Investment Type	Remaining Maturity (in Months) 12 Months or Less	13 - 36 Months	37 - 60 Months	Total
Local Agency Investment Fund (LAIF)	$ 13,194,479	$ -	$ -	$ 13,194,479
United States Treasury Obligations	-	202,172	580,630	782,802
Federal Home Loan Bank (FHLB)	1,999,627	-	537,562	2,537,189
Federal National Mortgage Association (FNMA)	-	249,385	914,873	1,164,258
Federal Home Loan Mortgage Corporation (FHLMC)	1,589,750	328,357	617,542	2,535,649
Money Market Mutual Funds	21,178,123	-	-	21,178,123
	$ 37,961,979	$ 779,914	$ 2,650,607	$ 41,392,500

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standards and Poor, as of year end for each investment type:

Primary Government

Investment Type	Minimum Legal Rating	Total as of June 30, 2015	AAA	AA+	Other	Not Required to be Rated	Not Rated
LAIF	N/A	$12,491,983	$ -	$ -	$ -	$ -	$12,491,983
U.S. Treasury Obligations	N/A	13,999,429	-	-	-	13,999,429	-
FNMA	N/A	9,642,886	-	9,642,886	-	-	-
FHLMC	N/A	8,463,097	-	8,463,097	-	-	-
FHLB	N/A	7,807,082	-	7,807,082	-	-	-
FFCB	N/A	4,101,473	-	4,101,473	-	-	-
MTN	A	14,201,351	-	-	14,201,351	-	-
Tennessee Valley Authority	N/A	1,109,595	-	1,109,595	-	-	-
Commercial Paper	A-1/A	1,028,970	-	-	-	-	1,028,970
Asset-Backed Securities	N/A	3,485,626	2,534,882	-	-	-	950,744
Money Market Mutual Funds	AAA	379,999	379,999	-	-	-	-
		$76,711,491	$ 2,914,881	$31,124,133	$14,201,351	$ 13,999,429	$14,471,697

The actual ratings for the "Other" category above are as follows:

Investment Type	AA+	AA-	AA	A+	A	Total
MTN	$ 1,186,205	$ 3,116,005	$ 2,228,359	$ 5,828,138	$ 1,842,644	$14,201,351

Fiduciary Funds

Investment Type	Minimum Legal Rating	Total as of June 30, 2015	AAA	AA+	A-1+	Not Required to be Rated	Not Rated
LAIF	N/A	$13,194,479	$ -	$ -	$ -	$ -	$13,194,479
U.S. Treasury Obligations	N/A	782,802	-	-	-	782,802	-
FHLB	N/A	2,537,189	-	537,562	1,999,627	-	-
FNMA	N/A	1,164,258	-	1,164,258	-	-	-
FHLMC	N/A	2,535,649	-	945,899	1,589,750	-	-
Money Market Mutual Funds	AAA	21,178,123	21,178,123	-	-	-	-
		$41,392,500	$ 21,178,123	$ 2,647,719	$ 3,589,377	$ 782,802	$13,194,479

N/A - Not Applicable

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Primary Government

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	$ 8,463,097
Federal Home Loan Bank	United States Government Sponsored Agency Securities	7,807,082
Federal National Mortgage Association	United States Government Sponsored Agency Securities	9,642,886
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	4,101,473

Fiduciary Funds

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	United States Government Sponsored Agency Securities	$ 2,537,189
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	2,535,649

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2015 are as follows:

	Receivable	Payable
General Fund	$ 100,000	$ -
Special Revenue Funds:		
Housing and Community Development	-	300,000
Special Gas Tax and Street Improvements	-	1,150,000
Capital Projects Fund:		
Capital Improvements	1,350,000	-
	$ 1,450,000	$ 1,450,000

The interfund amounts from the General Fund and the Capital Improvements Capital Projects Fund to the Housing and Community Development Special Revenue Fund and the Special Gas Tax and Street Improvements Special Revenue Fund are for short-term loans to cover operations.

The compositions of the City's interfund transfer balances as of June 30, 2015 are as follows:

Governmental Activities:

	Transfers In						
	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental	Total
Transfers Out:							
General	$ -	$ -	$ -	$ -	$ -	$ 111,000	$ 111,000
Housing and Community Development	-	-	-	-	535,000	-	535,000
Special Gas Tax and Street Improvements	-	-	-	-	3,277,000	-	3,277,000
Capital Improvements	6,877	-	18,488	4,408	3,769,615	7,882	3,807,270
Other Governmental Funds	-	-	-	-	2,710,000	154,125	2,864,125
Water Enterprise	-	-	-	-	-	60,000	60,000
Internal Service	40,000	-	-	-	750,000	-	790,000
	$ 46,877	$ -	$ 18,488	$ 4,408	$ 11,041,615	$ 333,007	$ 11,444,395

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

Interfund Transfer Balances (Continued):

Business-type Activity:

	Transfers In		
Transfers Out:	Water Enterprise	Internal Service	Total
General	$ 25,000	$ -	$ 25,000
Capital Improvements	4,564,288	857,642	5,421,930
	$ 4,589,288	$ 857,642	$ 5,446,930

Transfers between/to funds are to primarily fund capital projects, which are then transferred back to the original fund upon completion of the project. The General Fund transferred monies to the Water Enterprise Fund for operations.

4. RECEIVABLES:

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Other Governmental	Total
Taxes	$ 3,396,990	$ -	$ -	$ -	$ 14,175	$ 3,411,165
Accounts	501,230	-	-	-	-	501,230
Interest	223,330	-	-	-	-	223,330
Loans	-	5,541,798	4,452,933	-	-	9,994,731
Notes	-	6,020,439	850,000	-	-	6,870,439
Other	-	-	-	-	5,255	5,255
Due from other governments	363,840	-	322,638	528,258	108,786	1,323,522
Net Total Receivables	$ 4,485,390	$ 11,562,237	$ 5,625,571	$ 528,258	$ 128,216	$ 22,329,672

4. RECEIVABLES (CONTINUED):

Proprietary Funds:

	Water Enterprise	Internal Service	Total
Accounts	$ 2,270,740	$ 1,292	$ 2,272,032
Other	-	350,649	350,649
Net Total Receivables	$ 2,270,740	$ 351,941	$ 2,622,681

Governmental Activities:

A detailed summary of the loans and notes receivable balances follows:

Loans Receivable - Housing and Community Development

Community Development Block Grant - Housing Rehab Loans, due upon sale of property	$ 459,351
HOME Rehab Loans, due upon sale of property	83,744
HOME Single Residence Loans, due upon sale of property	325,388
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	231,275
HOME Lease Purchase Program - payable upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	3,353,175
Total Loans Receivable - Housing and Community Development	$ 4,452,933

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

Summary of the Loans and Notes Receivable Balances (Continued):

Loans Receivable - Westminster Housing Authority

Housing Rehab Loans, due upon sale of property	$	2,548,394
Housing Single Residence Loans, deferred 35 years, or payable upon sale of property		70,000
Housing Lease Purchase Program due upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.		2,798,404
Housing First Time Homebuyers Loans, due upon sale of property.		125,000
Total Loans Receivable - Westminster Housing Authority	$	5,541,798

Note Receivable - Housing and Community Development

$850,000 note receivable from Cambridge Heights, L.P., a qualified affordable housing development partnership, dated May 26, 2004. The purpose of the loan is to assist with the development for 22 units, 21 of which will be affordable senior citizen housing (project). Repayment of the 40 year, 3% interest loan is to be paid in annual payments equal to 50% of the projects “residual receipts”. No payments have been made on this note.	$	850,000

Notes Receivable - Westminster Housing Authority

$600,000 note receivable from Corporation for Better Housing dated November 5, 2003. The purpose of the loan is to assist with the development of Very Low and Low Income Senior Housing (project). Repayment of the 55 year, 1% compounded annually interest loan is to be paid in annual payments equal to 50% of the projects “residual receipts”.	$	248,848

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

Summary of the Loans and Notes Receivable Balances (Continued):

Notes Receivable - Westminster Housing Authority (Continued)

$600,000 note receivable from The Related Companies of California dated November 5, 2003. The purpose of the loan is to assist with the development of 86 units of affordable housing for families and seniors (project). Repayment of the 55 year, 3% simple interest loan was deferred for three years. Thereafter, repayment is to be made in annual payments equal to 20% of the projects "residual receipts".	$	328,546
$300,000 note receivable from Coventry Heights dated December 30, 2003. The purpose of the loan is to assist with the development of 76 units of affordable housing for seniors (project). Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 25% of the projects "residual receipts".		169,170
$200,000 note receivable from Shelter for the Homeless dated April 25, 2006. The purpose of the loan is to assist with the development of housing units for extremely low income families (project). Repayment of the 30 year, 1% simple interest loan is to be made in monthly payments of principal and interest.		145,001
$5,544,000 note receivable from AMCAL Royale Fund, L.P., dated February 2, 2010. The purpose of the loan is to assist the developer in the purchase and development of property located at 230 Hospital Circle in the City of Westminster, California as a multi-family affordable housing (project). As of June 30, 2015, $5,128,874 has been disbursed to the developer. Repayment of the 55 year loan is to be made in annual payments equal to 50% of the projects "residual receipts".		5,128,874
Total Notes Receivable - Westminster Housing Authority	$	6,020,439

5. LAND HELD FOR RESALE:

Land held for resale consists of property acquired by the dissolved Redevelopment Agency and held for resale. The property is carried at the lower of cost or estimated net realizable value.

Land Held For Resale Description	Parcel Number	Balance June 30, 2014	Transfers	Balance June 30, 2015
14282 Locust Street	096-162-03	$ 203,810	$ -	$ 203,810
14242 Locust Street	096-162-01	296,400	-	296,400
14262 Locust Street	096-162-02	296,400	-	296,400
		$ 796,610	$ -	$ 796,610

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2015 is as follows:

Governmental Activities:	Balance at July 1, 2014	Additions	Deletions	Transfers (a)	Balance at June 30, 2015
Capital assets, not being depreciated:					
Land	$ 11,703,975	$ -	$ -	$	$ 11,703,975
Construction in progress	3,130,034	354,632	(694,864)	16,570,443	19,360,245
Total capital assets, not being depreciated	14,834,009	354,632	(694,864)	16,570,443	31,064,220
Capital assets, being depreciated:					
Buildings	101,504,183	389,758	-	(17,700,564)	84,193,377
Improvements other than buildings	13,011,619	1,001,512	-	-	14,013,131
Vehicles, machinery and equipment	8,452,059	632,591	(225,673)	-	8,858,977
Office furniture and equipment	6,953,193	655,465	(238,345)	68,265	7,438,578
Leased property	1,366,917	163,708	(145,762)	-	1,384,863
Infrastructure	260,490,665	2,143,585	-	-	262,634,250
Total capital assets, being depreciated	391,778,636	4,986,619	(609,780)	(17,632,299)	378,523,176
Less accumulated depreciation for:					
Buildings	(15,616,559)	(2,136,215)	-	737,524	(17,015,250)
Improvements other than buildings	(3,636,420)	(551,672)	-	-	(4,188,092)
Vehicles, machinery and equipment	(5,135,686)	(736,080)	177,083	-	(5,694,683)
Office furniture and equipments	(3,690,753)	(396,366)	238,344	-	(3,848,775)
Leased property	(639,250)	(403,070)	137,362	-	(904,958)
Infrastructure	(161,503,486)	(7,395,784)	-	-	(168,899,270)
Total accumulated depreciation	(190,222,154)	(11,619,187)	552,789	737,524	(200,551,028)
Total capital assets, being depreciated, net	201,556,482	(6,632,568)	(56,991)	(16,894,775)	177,972,148
Total governmental activities capital assets, net	$ 216,390,491	$ (6,277,936)	$ (751,855)	$ (324,332)	$ 209,036,368

(a) A transfer of $16,638,708 relates to the transfer of capital assets to the City from the Successor Agency to the Westminster Redevelopment Agency. A net transfer of $16,963,040 consists of a parking structure previously transferred to the City back to the Successor Agency to the Westminster Redevelopment Agency.

6. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2015 is as follows:

Business-type Activity:	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land and land rights	$ 2,484,846	$ -	$ -	$ 2,484,846
Total capital assets, not being depreciated	2,484,846	-	-	2,484,846
Capital assets, being depreciated:				
Buildings	91,579	-	-	91,579
Improvements other than buildings	11,808,269	-	-	11,808,269
Water distribution lines	43,279,945	1,423,039	-	44,702,984
Machinery and equipment	13,020,177	78,292	(16,281)	13,082,188
Office furniture and equipment	161,209	9,390	(3,766)	166,833
Total capital assets, being depreciated	68,361,179	1,510,721	(20,047)	69,851,853
Less accumulated depreciation for:				
Buildings	(88,052)	(306)	-	(88,358)
Improvements other than buildings	(2,160,243)	(235,025)	-	(2,395,268)
Water distribution lines	(27,312,789)	(724,272)	-	(28,037,061)
Machinery and equipment	(8,808,979)	(248,864)	16,281	(9,041,562)
Office furniture and equipment	(77,116)	(16,743)	3,766	(90,093)
Total accumulated depreciation	(38,447,179)	(1,225,210)	20,047	(39,652,342)
Total capital assets, being depreciated, net	29,914,000	285,511	-	30,199,511
Business-type Activity capital assets, net	$ 32,398,846	$ 285,511	$ -	$ 32,684,357

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. For the year ended June 30, 2015, the Enterprise Funds' conservation projects reserve account totaled $3,726,006.

6. CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 92,633
Public safety	1,354,034
Public works	7,404,422
Community development	1,022,489
Community services	577,021
Internal service funds	1,168,588
Total depreciation expense - governmental activities	$ 11,619,187
Business-type Activity:	
Water Fund	$ 1,225,210

7. LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities transactions for the year ended June 30, 2015:

Governmental Activities:

	Balance July 1, 2014 (Restated)	Additions	Reductions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Certificates of participation	$ 3,855,000	$ -	$ 525,000	$ 3,330,000	$ 545,000	$ 2,785,000
Leases payable	552,088	163,708	236,289	479,507	324,267	155,240
Compensated absences	1,951,800	1,579,822	1,450,485	2,081,137	1,789,778	291,359
Claims liabilities (Note 11)	9,131,535	3,035,262	1,337,877	10,828,920	2,707,230	8,121,690
Pension liability (Note 8)	85,984,525	4,196,801	22,654,177	67,527,149	-	67,527,149
OPEB liability (Note 9)	17,353,281	2,789,994	1,829,071	18,314,204	-	18,314,204
Total Governmental Activities	118,828,229	11,765,587	28,032,899	102,560,917	5,366,275	97,194,642

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity:

	Balance July 1, 2014 (Restated)	Additions	Reductions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Certificates of participation	$ 2,800,000	$ -	$ 235,000	$ 2,565,000	$ 240,000	$ 2,325,000
Loans payable	1,797,198	-	110,543	1,686,655	114,424	1,572,231
Compensated absences	191,837	105,142	115,200	181,779	156,330	25,449
Pension liability (Note 8)	3,109,394	156,975	708,265	2,558,104	-	2,558,104
OPEB liability (Note 9)	1,990,383	320,006	209,790	2,100,599	-	2,100,599
Total Business-type Activity	9,888,812	582,123	1,378,798	9,092,137	510,754	8,581,383
City Total	$ 128,717,041	$ 12,347,710	$ 29,411,697	$ 111,653,054	$ 5,877,029	$ 105,776,025

Governmental Activities:

Certificates of Participation

$7,825,000 City of Westminster 2008 Certificates of Participation (Civic Center Refunding), dated May 1, 2008. The Certificates are payable in annual installments ranging from $320,000 to $860,000 until maturity on June 1, 2022. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the $13,600,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program). Proceeds from the Series 2008 Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the Certificates until fully retired. The 1998 Certificates are legally defeased and no longer a liability of the City. The reacquisition price exceeded the net carrying amount of the debt. This amount is shown as deferred outflows of resources. These bonds have an AAA/AA-rating.

Principal outstanding at June 30, 2015	$ 3,330,000

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Lease Payable

The City of Westminster entered into a capital lease for the purpose of leasing City cars. The lease term is 36 months with an option to purchase. Principal and interest payments are payable annually at an average rate of 2%.

Principal outstanding at June 30, 2015	$ 479,507

Capital assets acquired through the lease consisted of equipment with a net value of $479,905, which consists of an original cost of $1,226,639 less accumulated depreciation of $746,734.

Compensated Absences/Claims Liabilities

Compensated absences and claims liabilities which do not have any set annual debt service requirements are being liquidated in the internal service funds. These internal service funds predominately serve the governmental funds. Accordingly, these liabilities are part of the total liabilities for governmental activities.

Business-type Activity:

The Business-type Activity long-term liability transactions at June 30, 2015 are comprised of the following individual items:

Certificates of Participation

$5,035,000 Certificates of Participation (Water System Refunding) Series 2008, dated June 1, 2008. The Certificates are payable in annual installments ranging from $220,000 to $465,000 until maturity on June 1, 2024. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the $5,210,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998B (1998 Water System Refunding Program) and the $2,200,000 installment purchase agreement payable to Zions First National Bank. The 2008 Series Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 2008 Certificates until fully retired. The 1998 Certificates are legally defeased and no longer a liability of the City. The reacquisition price exceeded the net carrying amount of the debt. This amount is shown as deferred outflow of resources. These bonds have an AAA/AA- rating.

Principal outstanding at June 30, 2015	$ 2,565,000

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

The covenants authorizing the 2008 Water System Refunding Program Certificates of Participation stipulate that water rates must be maintained at levels sufficient to generate revenues in excess of certain predetermined amounts. Additionally, the City must establish certain management guidelines with respect to the operation of the water system. Resolution No. 4147, authorizing the issuance, terms and conditions of the 2008 Water System Refunding Program Certificates of Participation, includes a covenant requiring that the charges for the services, facilities and water costs of the enterprise be so fixed that the "net revenues" of the enterprise shall be at least 120% of the installment payments on the Certificates, and the California Infrastructure and Economic Development Bank Loan.

For the fiscal year ended June 30, 2015, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	$ 13,998,768
Investment income	108,353
Other	203,330
Total gross revenues	14,310,451
Operating expenses:	
Operating expenses	13,207,412
Depreciation and amortization	(1,225,210)
Vehicle replacement charges	(188,000)
Total operating costs	11,794,202
Net revenues	$ 2,516,249
Installment payments:	
Principal payments	$ 294,637
Interest payments	166,031
Total installment payments	$ 460,668
Net revenues to installment payment coverage ratio	546%

City management believes it is in compliance with all such covenants.

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. For the fiscal year ended June 30, 2015, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	$ 1,336,622

Loans Payable

$889,355 loan payable to Orange County Water District dated August 1, 2000. The loan is payable in annual installments ranging from $31,449 to $60,640 until maturity on February 1, 2020. Interest is payable at a fixed rate of 3.5%. The loan was issued as per a conjunctive use well construction program agreement with the Orange County Water District for the completion of a well.	$ 282,534
$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from $40,000 to $105,000 until maturity on August 1, 2032. Interest is payable at a fixed rate of 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum.	1,404,121
Total Loans Payable	$ 1,686,655

Compensated Absences

Compensated absences which do not have any set debt service requirements are expected to be liquidated by the Water Enterprise Fund are reported as a liability for Business-type Activity.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity:

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities

The annual requirements to amortize all governmental and business-type long-term liabilities (excluding compensated absences and claims payable) outstanding as of June 30, 2015, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental Activities Principal	Interest	Total
2016	$ 545,000	$ 141,450	$ 686,450
2017	570,000	119,650	689,650
2018	595,000	91,150	686,150
2019	615,000	67,350	682,350
2020	320,000	42,750	362,750
2021-2022	685,000	44,863	729,863
	$ 3,330,000	$ 507,213	$ 3,837,213

Year Ending June 30,	Leases Payable Governmental Activities Principal	Interest	Total
2016	$ 324,267	$ 6,485	$ 330,752
2017	89,083	1,782	90,865
2018	66,157	1,323	67,480
	$ 479,507	$ 9,590	$ 489,097

Year Ending June 30,	Certificates of Participation Business-type Activity Principal	Interest	Total
2016	$ 240,000	$ 106,156	$ 346,156
2017	250,000	96,556	346,556
2018	260,000	86,556	346,556
2019	270,000	76,156	346,156
2020	285,000	65,356	350,356
2021-2024	1,260,000	130,234	1,390,234
	$ 2,565,000	$ 561,014	$ 3,126,014

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity (Continued):

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities (Continued)

	Loans Payable Business-type Activity		
Year Ending June 30,	Principal	Interest	Total
2016	$ 114,424	$ 58,227	$ 172,651
2017	118,441	54,172	172,613
2018	122,599	49,974	172,573
2019	126,904	45,629	172,533
2020	131,359	41,131	172,490
2021-2025	393,733	143,191	536,924
2026-2030	468,083	87,726	555,809
2031-2033	211,112	11,210	222,322
	$ 1,686,655	$ 491,260	$ 2,177,915

	Grand Totals Governmental and Business-type Activities		
Year Ending June 30,	Principal	Interest	Total
2016	$ 1,223,691	$ 312,318	$ 1,536,009
2017	1,027,524	272,160	1,299,684
2018	1,043,756	229,003	1,272,759
2019	1,011,904	189,135	1,201,039
2020	736,359	149,237	885,596
2021-2025	2,338,733	318,288	2,657,021
2026-2030	468,083	87,726	555,809
2031-2033	211,112	11,210	222,322
	$ 8,061,162	$ 1,569,077	$ 9,630,239

8. PENSION PLANS:

The following is a summary of pension related items for the year ended June 30, 2015:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	$ 28,423,387	$ 4,603,520	$ (18,863,237)	$ 1,744,165
CalPERS Safety	40,599,811	-	-	2,485,959
PARS	1,062,055	3,307		120,345
	$ 70,085,253	$ 4,606,827	$ (18,863,237)	$ 4,350,469

a. Public Employees' Retirement System (CalPERS):

General Information about the Pension Plans:

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Safety (police) cost sharing defined benefit plan, and the Miscellaneous (all other) Plan, 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.

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

General Information about the Pension Plans (Continued):

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	20.757%	20.757%

	Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	29.971%	12.25%-21.463%

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

General Information about the Pension Plans (Continued):

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	228
Inactive employees entitled to but not yet receiving benefits	133
Active employees	123
Total	484

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.

Net Pension Liability:

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Net Pension Liability (Continued):

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Net Pension Liability (Continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time a change in methodology occurs.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Net Pension Liability (Continued):

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	$ 111,222,033	$ 76,673,206	$ 34,548,827
Changes in the Year:			
Service cost	1,596,416	-	1,596,416
Interest on the total pension liability	8,193,716	-	8,193,716
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	1,893,680	(1,893,680)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	950,841	(950,841)
Net investment income	-	13,071,051	(13,071,051)
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	(5,541,372)	(5,541,372)	-
Net Changes	4,248,760	10,374,200	(6,125,440)
Balance at June 30, 2015	$ 115,470,793	$ 87,047,406	$ 28,423,387

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Changes in the Net Pension Liability (Continued):

Proportionate Share of Net Pension Liability

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability for the Safety Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	$ 40,599,811

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2013 and 2014 was as follows:

	Safety
Proportion - June 30, 2013	1.11935%
Proportion - June 30, 2014	1.08238%
Change - Increase (Decrease)	-0.03697%

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Changes in the Net Pension Liability (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	$ 43,659,424	$ 69,538,172
Current Discount Rate	7.50%	7.50%
Net Pension Liability	$ 28,423,387	$ 40,599,811
1% Increase	8.50%	8.50%
Net Pension Liability	$ 15,828,571	$ 16,755,851

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2015, the City recognized pension expense of $4,230,124. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,603,520	$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(798,059)
Net differences between projected and actual earnings on plan investments	-	(18,065,178)
Total	$ 4,603,520	$ (18,863,237)

$4,603,520 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2016	$ (4,801,316)
2017	(4,801,316)
2018	(4,744,312)
2019	(4,516,293)
2020	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan:

General Information about the Pension Plan:

Plan Description and Benefits

Effective July 1, 2007, pursuant to sections 401(a) and 501(a) of the Internal Revenue Code, the City adopted a tax-qualified single-employer governmental defined benefit plan that is to be administered for the City by Public Agency Retirement Service (PARS), a third-party administrator. The plan was established to provide eligible employees, supplemental retirement benefits in addition to the benefits employees will receive from the California Public Employees Retirement System (CalPERS). The plan is closed and 6 eligible retirees or their beneficiaries are paid monthly

Contributions

The actuarially contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2015, the City's contribution was $53,370.

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Safety
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	6

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Net Pension Liability:

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level Dollar
Closed, Open, or layered periods	Closed
Amortization period at January 31, 2014	8.0 years
Amortization growth rate	0.00%
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	6.00%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	N/A
Mortality	Males: 1983 GAM Males (as precribed by PARS) Females: 1983 GAM Females (as presribed by PARS)
Form of Payment	Montly as detemined by plan document

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Net Pension Liability (Continued):

Discount Rate

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to covet benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the City:

- Employer contributions are generally assumed to equal expected annual benefit payments plus expenses.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.00%.
- The actuarial assumptions do not change.

- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be insufficient to cover benefit payments and administrative expenses.

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Net Pension Liability (Continued):

Discount Rate (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of January 1, 2015.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	Bank of America Merrill Lynch 90-Day T-Bills	33.28%	0.53%	0.53%
Core Fixed Income	Barclays Aggregate	66.72%	2.08%	1.96%
Assumed Inflation - Mean			2.60%	2.53%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			1.57%	1.51%
Portfolio Nominal Mean Return			4.17%	4.12%
Portfolio Standard Deviation				3.27%
Long-Term Expected Rate of Return				6.00%

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting is the use of a 3.80% rate in calculating the pension liability.

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Changes in the Net Pension Liability:

The changes in the net pension liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	$ 1,064,329	$ 72,556	$ 991,773
Changes in the Year:			
Service cost	-	-	-
Interest on the total pension liability	42,514	-	42,514
Differences between actual and expected experience	-	-	-
Changes in assumptions	78,569	-	78,569
Changes in benefit terms	-	-	-
Contribution - employer	-	53,370	(53,370)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	-	-
Net investment income	-	274	(274)
Administrative expenses	-	(2,843)	2,843
Benefit payments, including refunds of employee contributions	(48,685)	(48,685)	-
Net Changes	72,398	2,116	70,282
Balance at June 30, 2015	$ 1,136,727	$ 74,672	$ 1,062,055

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Changes in the Net Pension Liability (Continued):

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	2.80%
Net Pension Liability	$ 1,247,535
Current Discount Rate	3.80%
Net Pension Liability (Asset)	$ 1,062,055
1% Increase	4.80%
Net Pension Liability (Asset)	$ 914,363

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2015, the City recognized pension expense of $120,345. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ -	$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	3,307	-
Total	$ 3,307	$ -

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

Year Ending June 30,	Amount
2016	$ 827
2017	827
2018	827
2019	827
2020	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

c. Part-time, Seasonal and Temporary Employees-Alternate Retirement System Plan:

Plan Description - Other Defined Contribution Pension Plans:

Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by Social Security or an alternate plan. In accordance with this federal law, the City provides pension benefits for all part-time, seasonal and temporary employees through the City of Westminster Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6% by the employee and 1.5% by the City. All part-time, seasonal or temporary employees are immediately eligible to participate in the plan from the date of employment and all contributions are fully vested. The contribution requirements are established by Federal statutes and may be amended by the Federal government.

For the year ended June 30, 2015, the City's payroll covered by the plan was $1,126,315. Contributions to the plan totaled $84,474 with employee contributions in the amount of $67,664 (6.0% of current covered payroll) and City contributions in the amount of $16,810 (1.5% of current covered payroll).

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

The City provides post-employment healthcare benefits including medical, dental, vision, and life insurance to eligible employees and their dependents at retirement through a single employer defined benefit OPEB plan administered by the City. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing the City's employees. Eligible retirees (service or disability retire through CalPERS directly from the City) receive reimbursement from the City for a portion of the costs for the coverage. The retiree healthcare plan does not issue a financial report.

The medical benefit through the California Public Employees Retirement System Healthcare Program (PEMHCA) is based on the hire date and the employee group. For employees in employee groups hired prior to dates in the following table, the City pays up to 100% of the cap.

Employee Group	2015 Cap	Hire Date
POA	$ 892.00	07/01/2004
Mgmt/Admin/Conf	937.00	08/10/2005
WMEA	937.00	06/22/2005

For employees hired after the dates in the table above, the City pays a percent of the cap based on years of service with the City.

Years of Service	Percentage of Cap
Less than 5	PEMHCA minimum ($122 in 2015)
5 through 10	25%
11 through 15	50%
More than 15	100%

The benefit to a surviving spouse continues based on CalPERS retirement plan election.

Dental, vision, and life insurance benefits are provided through the City's group insurance plans. The City provides full vision coverage, pays dental coverage up to $20/month, and pays life insurance premiums up to $19.10/month.

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2015, the City paid $2,038,861 in health care costs for its retirees and their covered dependents. The plan does not require employee contributions.

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan made primarily by the General Fund, and changes in the City's net OPEB obligation to the Retiree Health Plan:

	Governmental Activities	Business-type Activity	Totals
Annual required contribution	$ 2,912,000	$ 334,000	$ 3,246,000
Interest on net OPEB obligation	694,359	79,641	774,000
Adjustment to annual required contribution	(816,365)	(93,635)	(910,000)
Annual OPEB cost (expense)	2,789,994	320,006	3,110,000
Actual contributions made	(1,829,071)	(209,790)	(2,038,861)
Increase in net OPEB obligation	960,923	110,216	1,071,139
Net OPEB Obligation - beginning of year	17,353,281	1,990,383	19,343,664
Net OPEB Obligation - end of year	$ 18,314,204	$ 2,100,599	$ 20,414,803

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

c. Annual OPEB Cost and Net OPEB Obligation (Continued):

The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended June 30, 2015, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/13	$ 4,272,000	$ 2,206,588	51.7 %	$ 16,950,443
06/30/14	4,466,000	2,072,779	46.4 %	19,343,664
06/30/15	3,110,000	2,038,861	65.6 %	20,414,803

d. Funded Status and Funding Progress:

As of June 30, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $46,709,000 ($42,227,000 for the governmental activities and $4,482,000 for the business-type activity), and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $46,709,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was $19,205,000 ($17,405,000 for the governmental activities and $1,800,000 for the business-type activities) and the ratio of the UAAL to the covered payroll was 243%.

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.00% per annum (net of administrative expenses), and a general inflation rate of 3% per annum. Medical premiums were assumed to increase annually with a pre-Medicare cost increase rate of 7.0% for HMOs and PPOs for 2017 premiums over 2016 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The post-Medicare annual medical cost increase rates were 7.2% for HMOs and PPOs for 2017 premiums over 2016 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The PEMHCA minimum was assumed to increase with medical inflation (4.5%) annually after 2016. Medical caps were assumed to follow healthcare trend. Vision premiums were assumed to increase by 3% annually. Dental and life insurance caps were assumed to remain frozen in the future. The UAAL is being amortized as a level percentage of projected payroll over 24 years on a closed basis commencing in fiscal year 2014. The remaining amortization period at June 30, 2015 was 23 years.

10. DEFERRED COMPENSATION:

Certain provisions of the Small Business Job Protection Act (the Act) effected Internal Revenue Code Section 457 plans by eliminating the requirement that Section 457 plan assets legally remain the assets of the sponsoring government. The Act requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

The City has implemented GASB 32, “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. The assets have been transferred into a trust, and are no longer subject to claims of the City’s general creditors, and are no longer considered the assets of the City. The plan permits all City employees to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

10. DEFERRED COMPENSATION (CONTINUED):

The City contracts with private deferred compensation administration firms to act as an agent of the City to fulfill all the City's administrative responsibilities. The duties performed by this fiduciary on behalf of the City include assisting employees in the execution of investment transactions and providing summary and participant reporting of these investments.

Since the City has placed the assets into a trust and has little administrative involvement and does not perform the investing function for the plan, the assets have been removed from the City's financial statements.

11. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The City retains the risk of loss for general liability claims of up to $350,000 per occurrence and workers' compensation claims of up to $300,000 per person per occurrence. The City has established the Risk Management and Compensation/Benefits Internal Service Funds to account for and finance these uninsured risks of loss, and liabilities are accrued when incurred, whether or not reported, in each of these Funds.

The City is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 11 member cities in Orange County, California, which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum $10,000,000 per claim and $50,000,000 annual aggregate amount for general liability claims. The coverage for workers' compensation extends to statutory limit. Member cities make payments to CIPA based on underwriting estimates and may be assessed the difference between funds available and the $50,000,000 annual aggregate in proportion to their annual premiums. Additional coverage is maintained through a commercial insurer for claims in excess of the per claim units and the annual aggregate amounts.

The City continues to carry commercial insurance for all other risks of loss, including employee health, fire, water, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. RISK MANAGEMENT (CONTINUED):

All Funds of the City participate in the risk management program and make payments to the Risk Management and Compensation/Benefits Internal Service Funds based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. At June 30, 2015, the Risk Management Fund had an accumulated fund deficit of $1,108,732. Also, at June 30, 2015, the Compensation/Benefits Fund had a reserve for catastrophic losses of $3,468,287, which is reported as net position in this fund. The claims liabilities of $7,578,008 and $3,250,912 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2015 are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and amount of the loss can be reasonably estimated.

Changes in the Risk Management and Compensation/Benefits Internal Service Funds' claims liability amounts in fiscal years 2015 and 2014 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2015	2014	2015	2014
Beginning-year liability	$ 6,417,620	$ 2,352,072	$ 2,713,915	$ 1,386,390
Current-year claims and changes in estimates	1,371,318	4,645,022	1,663,944	1,962,603
Claim payments	(210,930)	(579,474)	(1,126,947)	(635,078)
Balance at fiscal year-end	$ 7,578,008	$ 6,417,620	$ 3,250,912	$ 2,713,915

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2015 were as follows:

		Special Revenue Funds			Capital Projects Fund		
	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental	Total
Nonspendable:							
Prepaid items	$ 47,687	$ -	$ -	$ -	$ -	$ -	$ 47,687
Restricted for:							
Housing authority	-	26,444,269	-	-	-	-	26,444,269
Housing and community development	-	-	721,281	-	-	-	721,281
Debt service	-	-	-	221,378	-	262,537	483,915
Parks	-	-	-	-	-	740,726	740,726
Special police services	-	-	-	-	-	1,875,768	1,875,768
Municipal lighting	-	-	-	-	-	1,610,357	1,610,357
Other grants	-	-	-	-	-	706,427	706,427
Offside drainage district	-	-	-	-	-	144,878	144,878
Total Restricted	-	26,444,269	721,281	221,378	-	5,340,693	32,727,621
Assigned:							
Capital projects	-	-	-	-	18,710,050	-	18,710,050
Community promotions	-	-	-	-	-	1,408,146	1,408,146
Total Assigned	-	-	-	-	18,710,050	1,408,146	20,118,196
Unassigned	22,069,159	-	-	(261,909)	-	-	21,807,250
Total Fund Balances (Deficit)	$ 22,116,846	$ 26,444,269	$ 721,281	$ (40,531)	$ 18,710,050	$ 6,748,839	$ 74,700,754

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment through the passage of an ordinance, the City's highest level of decision-making authority.

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. This amount includes amounts that are assigned through adoption of the budget. Council may delegate the ability of an employee or committee to assign the use of specific funds for specific purposes. Such delegation has not yet been granted to persons or committees other than the City Council. The City assigns unspent capital project balances and amounts in its Community Promotion Special Revenue Fund.

Unassigned - The classifications include the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances

The following Funds have a deficit fund balance at June 30, 2015. The Special Revenue Fund's deficit is primarily the result of cash being transferred to the Capital Improvements Capital Projects Fund prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds. The Internal Service Fund's deficit is primarily the result of an increase in the claims payable liability.

Major Fund:		
Special Gas Tax and Street Improvements Special Revenue Fund	$	(40,531)
Internal Service Fund:		
Risk Management		(1,108,732)

Excess of Expenditures over Appropriations:

		Budget		Actual		Variance with Final Budget
Other Governmental Funds:						
Parks Dedication Special Revenue Fund	$	26,700	$	37,327	$	(10,627)
Municipal Lighting Special Revenue Fund		916,000		928,484		(12,484)

14. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2015, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with workers compensation and general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

Grant Contingencies:

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

15. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Westminster Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to capital assets and long-term liabilities are as follows:

Capital Assets:

The Successor Agency transferred capital assets to the City in the amount of $16,638,708 in fiscal year 2014-2015. A transfer of $16,963,040 consists of a parking structure previously transferred to the City back to the Successor Agency at June 30, 2015.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015	Due Within One Year	Due in More Than One Year
Tax allocation bonds payable	$121,685,000	$ -	$ 1,825,000	$119,860,000	$ 1,890,000	$117,970,000

Tax Allocation Bonds

$30,140,000 Westminster Commercial Redevelopment Project No. 1, 2008 Tax Allocation Refunding Bonds dated June 1, 2008. The bonds are payable in annual installments ranging from $960,000 to $2,260,000 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 4.4%. The 2008 bonds were issued for the purpose of advance refunding $40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds. Proceeds from the 2008 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the bonds until fully retired. The 1997 bonds are legally defeased and are no longer a liability of the Agency.	$ 23,005,000
$73,055,000 Westminster Commercial Redevelopment Project No. 1, 2009 Subordinate Tax Allocation Bonds (Police Facility) dated March 12, 2009. The bonds are payable in annual installments ranging from $2,360,000 to $6,345,000 from November 1, 2028 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 4.4%. The 2009 bonds were issued for the purpose of acquiring and constructing a new headquarters for the Westminster Police Department.	73,055,000

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Tax Allocation Bonds (Continued)

$24,305,000 Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds, Series A, dated June 9, 2011. The bonds are payable in annual installments ranging from $505,000 to $1,285,000 from November 1, 2014 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 5.6%. The 2011 bonds were issued for the purpose of constructing a new Civic Center parking facility and an evidence storage facility for the City police department.	$ 23,800,000
Total Tax Allocation Bonds	$ 119,860,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2015, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds Principal	Interest	Total
2016	$ 1,890,000	$ 6,616,094	$ 8,506,094
2017	1,965,000	6,538,994	8,503,994
2018	2,050,000	6,457,988	8,507,988
2019	2,130,000	6,372,950	8,502,950
2020	2,215,000	6,284,557	8,499,557
2021-2025	12,595,000	27,014,417	39,609,417
2026-2030	14,955,000	26,827,689	41,782,689
2031-2035	17,920,000	22,443,182	40,363,182
2036-2040	24,165,000	16,196,444	40,361,444
2041-2045	32,345,000	8,010,662	40,355,662
2046	7,630,000	440,332	8,070,332
	$ 119,860,000	$ 133,203,309	$ 253,063,309

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Debt Contingencies:

Not included in the accompanying financial statements are Variable Rate Demand Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisting Living Project) 2000 Series A and Subordinate Taxable Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisted Living Project) 2000 Series A-S (collectively, the "Bonds"), conduit debt obligations issued under the name of the Redevelopment Agency. The Bonds were issued to finance the construction of a 117-unit residential care facility for the elderly. The Bonds are not secured by or payable from revenues or assets of the City or the Redevelopment Agency. Neither the faith and credit nor the taxing power of the City of Westminster, the Westminster Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make appropriations for payment on these bonds. At June 30, 2015, the aggregate principal amount of Bonds outstanding totaled $5,242,500.

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 11, 2012, the City elected to serve as the Successor Agency of the Westminster Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on February 9, 2011 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Westminster Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs. The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months. The Successor Agency's management has identified $5,060,188 in expenditures through June 30, 2015 on enforceable obligations that the Department of Finance did not approve. Management does not concur with the Department of Finance's disapproval of these enforceable obligations. Management is pursuing a multi-tracked approach in order to remedy the Department of Finances' denial of this item. Under authority granted to the Successor Agency by AB 1484, the Successor Agency Board intends to reauthorize the contract in question in order to align its approval with the Department of Finance's approved process. This effort will be coupled with management's intent to use the Meet and Confer process to clearly delineate the City's position and the justifications for the questioned enforceable obligations. The Successor Agency has also initiated legal proceedings in order to aid in the clarification of this issue.

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

17. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS:

Restatements of the Government-Wide Financial Statements' net position as of July 1, 2014 are as follows:

	Governmental Activities	Business-type Activity	Total
Net position at July 1, 2014, as originally reported	$ 281,027,622	$ 35,879,022	$ 316,906,644
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	(81,785,840)	(2,939,865)	(84,725,705)
Allocation of OPEB liability from Governmental activities to Business-type activity	1,990,383	(1,990,383)	-
Net position at July 1, 2014, as restated	$ 201,232,165	$ 30,948,774	$ 232,180,939

17. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS (CONTINUED):

Restatement of the Water Enterprise Fund's net position as of July 1, 2014 is as follows:

	Water Enterprise Fund
Net position at July 1, 2014, as originally reported	$ 34,430,224
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	(2,939,865)
Allocation of OPEB liability from Governmental activities to Business-type activity	(1,990,383)
Net position at July 1, 2014, as restated	$ 29,499,976

18. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of November 30, 2015, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTMINSTER

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS SAFETY PLAN

Last Ten Fiscal Years*

	2015
Plan's proportion of the net pension liability	0.65247%
Plan's proportionate share of the net pension liability	$ 40,599,811
Plan's covered - employee payroll	$ 9,177,397
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	442.39%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	81.21%
Plan's proportionate share of aggregate employer contributions	$ 4,966,989

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS
CalPERS SAFETY PLAN

Last Ten Fiscal Years*

	2015
Contractually required contribution (actuarially determined)	$ 2,607,628
Contributions in relation to the actuarially determined contributions	(2,607,628)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 9,177,397
Contributions as a percentage of covered - employee payroll	28.41%

Notes to Schedule:

Valuation Date	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:	
Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	3% at 50 retirement age 50, 2.7% at 57 retirement age 50-57
Mortality	Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years*

	2015
Total Pension Liability:	
Service cost	$ 1,596,416
Interest on total pension liability	8,193,716
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(5,541,372)
Net Change in Total Pension Liability	4,248,760
Total Pension Liability - Beginning of Year	111,222,033
Total Pension Liability - End of Year (a)	$ 115,470,793
Plan Fiduciary Net Position:	
Contributions - employer	$ 1,893,680
Contributions - employee	950,841
Net investment income	13,071,051
Benefit payments	(5,541,372)
Net Change in Plan Fiduciary Net Position	10,374,200
Plan Fiduciary Net Position - Beginning of Year	76,673,206
Plan Fiduciary Net Position - End of Year (b)	$ 87,047,406
Net Pension Liability - Ending (a)-(b)	$ 28,423,387
Plan fiduciary net position as a percentage of the total pension liability	75.38%
Covered - employee payroll	$ 9,177,397
Net pension liability as percentage of covered- employee payroll	309.71%

Notes to Schedule:

Benefit Changes:
There were not changes in benefits.

Changes in Assumptions:
There were not changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years*

	2015
Actuarially determined contribution	$ 1,995,892
Contributions in relation to the actuarially determined contributions	(1,995,892)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 9,615,714
Contributions as a percentage of covered - employee payroll	20.76%

Notes to Schedule:

Valuation Date	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:	
Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years as of the valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	2.0% at 55 retirement age from 55-67, 2% at 62 retirement age 52-67
Mortality	Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PARS PENSION PLAN

Last Ten Fiscal Years*

	2015
Total Pension Liability:	
Service cost	$ -
Interest on total pension liability	42,514
Differences between expected and actual experience	-
Changes in assumptions	78,569
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(48,685)
Net Change in Total Pension Liability	72,398
Total Pension Liability - Beginning of Year	1,064,329
Total Pension Liability - End of Year (a)	$ 1,136,727
Plan Fiduciary Net Position:	
Contributions - employer	$ 53,370
Contributions - employee	-
Net investment income	(2,569)
Benefit payments	(48,685)
Net Change in Plan Fiduciary Net Position	2,116
Plan Fiduciary Net Position - Beginning of Year	72,556
Plan Fiduciary Net Position - End of Year (b)	$ 74,672
Net Pension Liability (Asset) - Ending (a)-(b)	$ 1,062,055
Plan fiduciary net position as a percentage of the total pension liability	6.57%
Covered - employee payroll	N/A
Net pension (asset) liability as a percentage of covered- employee payroll	N/A

Notes to Schedule:

Benefit Changes:
There were not changes in benefits.

Changes in Assumptions:
There were not changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN

Last Ten Fiscal Years*

	2015
Actuarially determined contribution	$ 129,852
Contributions in relation to the actuarially determined contributions	(53,370)
Contribution deficiency (excess)	$ 76,482
Covered - employee payroll	N/A
Contributions as a percentage of covered - employee payroll	N/A

Notes to Schedule:

Valuation Date	06/30/2014
Methods and Assumptions Used to Determine Contribution Rates:	
Single and agent employers	Entry age
Amortization method	Level dollar
Remaining amortization period	8 years at June 30, 2014
Asset valuation method	None
Inflation	0.00%
Salary increases	N/A
Cost of living adjustment	2.00%
Investment rate of return	6%
Mortality	Males: 1983 GAM Males Females: 1983 GAM Females (as prescribed by PARS)

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WESTMINSTER

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2015

OTHER POST-EMPLOYMENT BENEFIT PLAN
(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
06/30/08	$ -	$ 65,676	$ 65,676	0.00%	$ 19,019	345.32%
06/30/10	-	75,544	75,544	0.00%	19,739	382.71%
06/30/12	-	62,216	62,216	0.00%	20,722	300.24%
06/30/14	-	46,709	46,709	0.00%	19,205	243.21%

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CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 35,604,000	$ 36,339,000	$ 36,548,999	$ 209,999
Licenses and permits	634,000	634,000	841,683	207,683
Fines	893,000	893,000	1,049,660	156,660
Investment and rental	1,231,000	1,409,000	1,265,532	(143,468)
Intergovernmental	96,000	96,000	332,838	236,838
Charges for services	6,621,000	6,422,450	6,236,327	(186,123)
Other	191,000	266,000	374,020	108,020
TOTAL REVENUES	45,270,000	46,059,450	46,649,059	589,609
EXPENDITURES:				
Current:				
General government	2,899,000	3,022,700	2,772,608	250,092
Public safety	37,147,000	37,775,050	37,612,378	162,672
Public works	4,161,000	4,263,500	4,059,709	203,791
Community development	1,801,841	1,916,941	1,903,933	13,008
Community services	2,062,000	2,158,450	2,085,968	72,482
Capital outlay	-	-	176,846	(176,846)
TOTAL EXPENDITURES	48,070,841	49,136,641	48,611,442	525,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,800,841)	(3,077,191)	(1,962,383)	1,114,808
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	5,000	5,000	10,414	5,414
Transfers in	-	6,877	46,877	40,000
Transfers out	(136,000)	(136,000)	(136,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(131,000)	(124,123)	(78,709)	45,414
NET CHANGE IN FUND BALANCE	(2,931,841)	(3,201,314)	(2,041,092)	1,160,222
FUND BALANCE - BEGINNING OF YEAR	24,157,938	24,157,938	24,157,938	-
FUND BALANCE - END OF YEAR	$ 21,226,097	$ 20,956,624	$ 22,116,846	$ 1,160,222

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE

WESTMINSTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 30,000	$ 30,000	$ 39,488	$ 9,488
Intergovernmental	100,000	100,000	-	(100,000)
Other	3,000	3,000	4,931	1,931
TOTAL REVENUES	133,000	133,000	44,419	(88,581)
EXPENDITURES:				
Current:				
Community development	1,242,000	1,669,988	1,039,231	630,757
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,109,000)	(1,536,988)	(994,812)	542,176
FUND BALANCE - BEGINNING OF YEAR	27,439,081	27,439,081	27,439,081	-
FUND BALANCE - END OF YEAR	$ 26,330,081	$ 25,902,093	$ 26,444,269	$ 542,176

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative
REVENUES:				
Fines	$ -	$ -	$ 4,700	$ 4,700
Intergovernmental	4,188,000	4,338,000	2,496,123	(1,841,877)
TOTAL REVENUES	4,188,000	4,338,000	2,500,823	(1,837,177)
EXPENDITURES:				
Current:				
Community development	3,484,000	3,634,000	1,569,990	2,064,010
Capital outlay	-	-	53,004	(53,004)
TOTAL EXPENDITURES	3,484,000	3,634,000	1,622,994	2,011,006
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	704,000	704,000	877,829	173,829
OTHER FINANCING SOURCES (USES):				
Transfers in	-	18,488	18,488	-
Transfers out	(535,000)	(535,000)	(535,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(535,000)	(516,512)	(516,512)	-
NET CHANGE IN FUND BALANCE	169,000	187,488	361,317	173,829
FUND BALANCE - BEGINNING OF YEAR	359,964	359,964	359,964	-
FUND BALANCE - END OF YEAR	$ 528,964	$ 547,452	$ 721,281	$ 173,829

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX AND STREET IMPROVEMENTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 3,071,000	$ 3,121,000	$ 3,491,798	$ 370,798
Investment and rental	30,000	30,000	34,011	4,011
Intergovernmental	1,826,000	1,826,000	1,577,806	(248,194)
Charges for services	50,000	50,000	73,633	23,633
Other	-	-	9,562	9,562
TOTAL REVENUES	4,977,000	5,027,000	5,186,810	159,810
EXPENDITURES:				
Current:				
Community development	1,838,000	1,838,000	1,686,951	151,049
Capital outlay	-	-	4,200	(4,200)
Debt service:				
Principal retirement	170,000	170,000	169,311	689
Interest and fiscal charges	53,000	53,000	52,390	610
TOTAL EXPENDITURES	2,061,000	2,061,000	1,912,852	148,148
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,916,000	2,966,000	3,273,958	307,958
OTHER FINANCING SOURCES (USES):				
Transfers in	-	208	4,408	4,200
Transfers out	(3,227,000)	(3,277,000)	(3,277,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,227,000)	(3,276,792)	(3,272,592)	4,200
NET CHANGE IN FUND BALANCE	(311,000)	(310,792)	1,366	312,158
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(41,897)	(41,897)	(41,897)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (352,897)	$ (352,689)	$ (40,531)	$ 312,158

See accompanying note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City establishes accounting control through formal adoption of an annual operating budget for the General and Special Revenue Funds. The City Council's policy is to adopt a formal operating budget by June 30 of each year. The legal level of budgetary control, that is, the level at which expenditures cannot exceed appropriations, is the fund level for all General and Special Revenue Funds, and by project in the Capital Projects Funds.

The City Manager may authorize appropriation transfers within a single department, between capital projects with a single funding source, and between departments within the same fund. All increases at the overall fund level must be approved by the City Council. All budget appropriations, except capital project and grant funded budgets, lapse at the end of each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All increases to the adopted budget require Council approval and must clearly state the amount of increase requested, as well as the availability of appropriate funding sources.

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OTHER SUPPLEMENTAL INFORMATION

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SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or City Council resolution to expenditure for specific purposes.

Parks Dedication Fund - accounts for payments assessed against new residential developments to support community parks. Amounts are required to be used for acquisition and improvement of City parks.

Special Police Services Fund - accounts for the regional and local narcotics suppression programs, Federal grants related to crime prevention and the Westminster Mall police patrol.

Municipal Lighting Fund - accounts for the City's share of property taxes collected under the Municipal Lighting District Act of 1919. Property taxes are collected by the County and paid to the City for operating and maintaining the municipal lighting district.

Other Grants Fund - accounts for all Federal, State, County or other grants received which are not otherwise separately accounted for in other funds. These grants include family resource center, senior transportation, air quality management, and Safety, Health and Understanding in Education (S.H.U.E.).

Offsite Drainage District Fund - accounts for revenues received from developers and expenditures to provide storm drain systems within each District.

Community Promotion Fund - accounts for the assets generated by the sale of the City’s cable franchise. Interest earnings on the proceeds of the sale are used to fund various cable television broadcasts and community promotion activities.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
ASSETS				
Cash and investments	$ 740,726	$ 1,982,862	$ 1,598,854	$ 682,365
Receivables, net of allowance:				
Taxes	-	-	14,176	52,141
Due from other governments	-	61,899	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	$ 740,726	$ 2,044,761	$ 1,613,030	$ 734,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other liabilities	$ -	$ 57,050	$ -	$ 28,079
Deposits	-	111,943	-	-
TOTAL LIABILITIES	-	168,993	-	28,079
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	2,673	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	168,993	2,673	28,079
FUND BALANCES:				
Restricted for:				
Parks	740,726	-	-	-
Special police services	-	1,875,768	-	-
Municipal lighting	-	-	1,610,357	-
Other grants	-	-	-	706,427
Offsite drainange district	-	-	-	-
Debt service	-	-	-	-
Assigned:				
Community promotions	-	-	-	-
TOTAL FUND BALANCES	740,726	1,875,768	1,610,357	706,427
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 740,726	$ 2,044,761	$ 1,613,030	$ 734,506

Special Revenue Funds (Continued)		Total
Offsite Drainage District	Community Promotion	Total Other Governmental Funds
$ 144,878	$ 1,670,678	$ 6,820,363
-	-	66,317
-	-	61,899
-	5	5
$ 144,878	$ 1,670,683	$ 6,948,584
$ -	$ -	$ 85,129
-	-	111,943
-	-	197,072
-	-	2,673
-	-	199,745
-	-	740,726
-	-	1,875,768
-	-	1,610,357
-	-	706,427
144,878	-	144,878
-	262,537	262,537
-	1,408,146	1,408,146
144,878	1,670,683	6,748,839
$ 144,878	$ 1,670,683	$ 6,948,584

CITY OF WESTMINSTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2015

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
REVENUES:				
Taxes	$ -	$ -	$ 1,303,036	$ -
Investment and rental	16,202	21,179	52,432	6,029
Intergovernmental	-	460,479	-	545,963
Charges for services	730,327	1,990	-	-
Other	-	81,675	-	29,439
TOTAL REVENUES	746,529	565,323	1,355,468	581,431
EXPENDITURES:				
Current:				
General government	-	-	-	64,945
Public safety	-	542,263	-	-
Community development	37,327	-	928,484	185,938
Community services	-	-	-	264,062
Capital outlay	-	108,942	-	-
Debt service:				
Principal retirement	-	80,315	-	-
Interest and fiscal charges	-	25,151	-	-
TOTAL EXPENDITURES	37,327	756,671	928,484	514,945
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	709,202	(191,348)	426,984	66,486
OTHER FINANCING SOURCES (USES):				
Transfers in	-	214,224	-	-
Transfers out	(810,000)	(154,125)	(1,900,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(810,000)	60,099	(1,900,000)	-
NET CHANGE IN FUND BALANCES	(100,798)	(131,249)	(1,473,016)	66,486
FUND BALANCES - BEGINNING OF YEAR	841,524	2,007,017	3,083,373	639,941
FUND BALANCES - END OF YEAR	$ 740,726	$ 1,875,768	$ 1,610,357	$ 706,427

Special Revenue Funds (Continued) Offsite Drainage District	Community Promotion	Total Other Governmental Funds
$ -	$ -	$ 1,303,036
1,400	15,279	112,521
-	-	1,006,442
10,848	-	743,165
-	-	111,114
12,248	15,279	3,276,278
-	-	64,945
-	-	542,263
613	510	1,152,872
-	-	264,062
-	-	108,942
-	120,474	200,789
-	37,278	62,429
613	158,262	2,396,302
11,635	(142,983)	879,976
-	118,783	333,007
-	-	(2,864,125)
-	118,783	(2,531,118)
11,635	(24,200)	(1,651,142)
133,243	1,694,883	8,399,981
$ 144,878	$ 1,670,683	$ 6,748,839

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS DEDICATION SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 25,000	$ 25,000	$ 16,202	$ (8,798)
Charges for services	50,000	450,000	730,327	280,327
TOTAL REVENUES	75,000	475,000	746,529	271,529
EXPENDITURES:				
Current:				
Community development	4,000	26,700	37,327	(10,627)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	71,000	448,300	709,202	260,902
OTHER FINANCING USES:				
Transfers out	(160,000)	(810,000)	(810,000)	-
NET CHANGE IN FUND BALANCE	(89,000)	(361,700)	(100,798)	260,902
FUND BALANCE - BEGINNING OF YEAR	841,524	841,524	841,524	-
FUND BALANCE - END OF YEAR	$ 752,524	$ 479,824	$ 740,726	$ 260,902

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL POLICE SERVICES SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 17,000	$ 17,000	$ 21,179	$ 4,179
Intergovernmental	189,606	494,809	460,479	(34,330)
Charges for services	2,000	2,000	1,990	(10)
Other	65,000	85,000	81,675	(3,325)
TOTAL REVENUES	273,606	598,809	565,323	(33,486)
EXPENDITURES:				
Current:				
Public safety	831,603	1,099,201	542,263	556,938
Capital outlay	-	63,225	108,942	(45,717)
Debt service:				
Principal retirement	81,000	81,000	80,315	685
Interest and fiscal charges	26,000	26,000	25,151	849
TOTAL EXPENDITURES	938,603	1,269,426	756,671	512,755
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(664,997)	(670,617)	(191,348)	479,269
OTHER FINANCING SOURCES (USES):				
Transfers in	171,000	171,000	214,224	43,224
Transfers out	-	-	(154,125)	(154,125)
TOTAL OTHER FINANCING SOURCES (USES)	171,000	171,000	60,099	(110,901)
NET CHANGE IN FUND BALANCE	(493,997)	(499,617)	(131,249)	368,368
FUND BALANCE - BEGINNING OF YEAR	2,007,017	2,007,017	2,007,017	-
FUND BALANCE - END OF YEAR	$ 1,513,020	$ 1,507,400	$ 1,875,768	$ 368,368

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 822,000	$ 1,135,000	$ 1,303,036	$ 168,036
Investment and rental	22,000	42,000	52,432	10,432
TOTAL REVENUES	844,000	1,177,000	1,355,468	178,468
EXPENDITURES:				
Current:				
Community development	896,000	916,000	928,484	(12,484)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,000)	261,000	426,984	165,984
OTHER FINANCING USES:				
Transfers out	-	(1,900,000)	(1,900,000)	-
NET CHANGE IN FUND BALANCE	(52,000)	(1,639,000)	(1,473,016)	165,984
FUND BALANCE - BEGINNING OF YEAR	3,083,373	3,083,373	3,083,373	-
FUND BALANCE - END OF YEAR	$ 3,031,373	$ 1,444,373	$ 1,610,357	$ 165,984

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 6,000	$ 6,000	$ 6,029	$ 29
Intergovernmental	551,000	551,000	545,963	(5,037)
Other	9,000	9,000	29,439	20,439
TOTAL REVENUES	566,000	566,000	581,431	15,431
EXPENDITURES:				
Current:				
General government	80,000	80,000	64,945	15,055
Community development	266,000	270,500	185,938	84,562
Community services	271,000	271,000	264,062	6,938
TOTAL EXPENDITURES	617,000	621,500	514,945	106,555
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(51,000)	(55,500)	66,486	121,986
FUND BALANCE - BEGINNING OF YEAR	639,941	639,941	639,941	-
FUND BALANCE - END OF YEAR	$ 588,941	$ 584,441	$ 706,427	$ 121,986

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OFFSITE DRAINAGE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 2,000	$ 2,000	$ 1,400	$ (600)
Charges for services	3,000	13,000	10,848	(2,152)
TOTAL REVENUES	5,000	15,000	12,248	(2,752)
EXPENDITURES:				
Current:				
Community development	1,000	1,000	613	387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,000	14,000	11,635	(2,365)
FUND BALANCE - BEGINNING OF YEAR	133,243	133,243	133,243	-
FUND BALANCE - END OF YEAR	$ 137,243	$ 147,243	$ 144,878	$ (2,365)

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY PROMOTION SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 15,000	$ 15,000	$ 15,279	$ 279
TOTAL REVENUES	15,000	15,000	15,279	279
EXPENDITURES:				
Current:				
Community development	1,000	1,000	510	490
Debt service:				
Principal retirement	121,000	121,000	120,474	526
Interest and fiscal charges	38,000	38,000	37,278	722
TOTAL EXPENDITURES	160,000	160,000	158,262	1,738
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(145,000)	(145,000)	(142,983)	2,017
OTHER FINANCING SOURCES:				
Transfers in	-	7,883	118,783	110,900
NET CHANGE IN FUND BALANCE	(145,000)	(137,117)	(24,200)	112,917
FUND BALANCE - BEGINNING OF YEAR	1,694,883	1,694,883	1,694,883	-
FUND BALANCE - END OF YEAR	$ 1,549,883	$ 1,557,766	$ 1,670,683	$ 112,917

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INTERNAL SERVICE FUNDS

Internal Service Funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis, including depreciation. The City used the following Internal Service Funds:

Risk Management Fund - accounts for the administration of the City's general liability insurance and for the payment of any related claims.

Compensation/Benefits Fund - finances and accounts for the City's group medical, vision and dental insurance, workers compensation insurance, unemployment insurance, employee life insurance and compensated absences.

Motor Pool/Equipment Fund - accounts for the maintenance and replacement of City-owned vehicles and equipment.

Facilities/Maintenance Fund - accounts for the City's buildings maintenance and utilities costs.

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2015

	Risk Management	Compensation/ Benefits
ASSETS:		
CURRENT ASSETS:		
Cash and investments	$ 4,574,380	$ 3,744,979
Accounts receivable	394	-
Other receivables	-	342,891
Prepaid items	-	26,685
Inventories	-	-
TOTAL CURRENT ASSETS	4,574,774	4,114,555
RESTRICTED ASSETS:		
Cash and investments	1,952,141	4,615,695
CAPITAL ASSETS:		
Constuction in progress	-	-
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	6,526,915	8,730,250
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	-	-

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 1,797,175	$ 1,118,439	$ 11,234,973
7,758	898	9,050
-	-	342,891
142,722	-	169,407
33,809	-	33,809
1,981,464	1,119,337	11,790,130
467,235	274,737	7,309,808
124,840	-	124,840
-	4,384,878	4,384,878
585,555	37,300	622,855
3,805,344	-	3,805,344
196,771	28,572	225,343
2,308,732	198,263	2,506,995
1,384,861	-	1,384,861
8,406,103	4,649,013	13,055,116
(4,972,766)	(1,671,192)	(6,643,958)
3,433,337	2,977,821	6,411,158
5,882,036	4,371,895	25,511,096
7,034	164,543	171,577

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2015

	Risk Management	Compensation/ Benefits
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 57,639	$ -
Claims payable	1,894,502	812,728
Compensated absences	-	1,729,504
Leases payable	-	-
Certificates of participation	-	-
TOTAL CURRENT LIABILITIES	1,952,141	2,542,232
LONG-TERM LIABILITIES:		
Claims payable	5,683,506	2,438,184
Compensated absences	-	281,547
Leases payable	-	-
Certificates of participation	-	-
TOTAL LONG-TERM LIABILITIES	5,683,506	2,719,731
TOTAL LIABILITIES	7,635,647	5,261,963
NET POSITION:		
Net investment in capital assets	-	-
Unrestricted	(1,108,732)	3,468,287
TOTAL NET POSITION	$ (1,108,732)	$ 3,468,287

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 82,197	$ 114,435	$ 254,271
-	-	2,707,230
42,075	18,199	1,789,778
324,267	-	324,267
18,697	142,103	160,800
467,236	274,737	5,236,346
-	-	8,121,690
6,849	2,963	291,359
155,240	-	155,240
95,545	726,161	821,706
257,634	729,124	9,389,995
724,870	1,003,861	14,626,341
2,846,623	2,274,099	5,120,722
2,317,577	1,258,478	5,935,610
$ 5,164,200	$ 3,532,577	$ 11,056,332

CITY OF WESTMINSTER

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the year ended June 30, 2015

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	$ 1,708,000	$ 13,986,015
Other	1,000,000	1,525,120
TOTAL OPERATING REVENUES	2,708,000	15,511,135
OPERATING EXPENSES:		
Salaries	-	4,194,517
Maintenance and operations	506,294	1,494,677
Insurance premiums and legal fees	1,363,385	2,036,234
Claims and benefits	1,371,318	7,878,340
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	3,240,997	15,603,768
OPERATING INCOME (LOSS)	(532,997)	(92,633)
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	-
Gain on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	(532,997)	(92,633)
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
TOTAL TRANSFERS	-	-
CHANGE IN NET POSITION	(532,997)	(92,633)
NET POSITION - BEGINNING OF YEAR	(575,735)	3,560,920
NET POSITION - END OF YEAR	$ (1,108,732)	$ 3,468,287

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,193,935	$ 1,920,000	$ 20,807,950
54,907	5,363	2,585,390
3,248,842	1,925,363	23,393,340
867,487	329,762	5,391,766
2,170,172	1,518,032	5,689,175
-	-	3,399,619
-	-	9,249,658
1,021,149	147,439	1,168,588
4,058,808	1,995,233	24,898,806
(809,966)	(69,870)	(1,505,466)
45,003	20,527	65,530
(6,521)	(65,685)	(72,206)
12,366	-	12,366
50,848	(45,158)	5,690
(759,118)	(115,028)	(1,499,776)
841,025	16,617	857,642
(702,000)	(88,000)	(790,000)
139,025	(71,383)	67,642
(620,093)	(186,411)	(1,432,134)
5,784,293	3,718,988	12,488,466
$ 5,164,200	$ 3,532,577	$ 11,056,332

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2015

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	$ 2,711,094	$ 16,116,101
Payment to suppliers	(2,915,466)	(11,539,337)
Payment to employees	-	(4,064,600)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(204,372)	512,164
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of assets	-	-
Principal payments on capital leases	-	-
Principal payments on bonds	-	-
Interest and fiscal charges	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS	(204,372)	512,164
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,730,893	7,848,510
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,526,521	$ 8,360,674
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (532,997)	$ (92,633)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,094	(61,425)
(Increase) decrease in prepaid items	-	(523)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	(834,857)	(169)
Increase (decrease) in claims payable	1,160,388	536,997
Increase (decrease) in compensated absences payable	-	129,917
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (204,372)	$ 512,164
NONCASH ITEM:		
Capital lease proceeds	$ -	$ -

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,137,430	$ 1,914,863	$ 23,879,488
(1,884,597)	(1,480,995)	(17,820,395)
(867,164)	(330,665)	(5,262,429)
385,669	103,203	796,664
841,025	16,617	857,642
(702,000)	(88,000)	(790,000)
139,025	(71,383)	67,642
(895,925)	(24,317)	(920,242)
69,356	-	69,356
(72,581)	-	(72,581)
(18,011)	(136,888)	(154,899)
(5,512)	(41,902)	(47,414)
(922,673)	(203,107)	(1,125,780)
45,003	20,527	65,530
(352,976)	(150,760)	(195,944)
2,617,386	1,543,936	18,740,725
$ 2,264,410	$ 1,393,176	$ 18,544,781
$ (809,966)	$ (69,870)	$ (1,505,466)
1,021,149	147,439	1,168,588
70,659	(500)	11,828
181,406	-	180,883
13,134	-	13,134
(91,036)	27,037	(899,025)
-	-	1,697,385
323	(903)	129,337
$ 385,669	$ 103,203	$ 796,664
$ 163,708	$ -	$ -

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AGENCY FUND

The Agency fund is used to account for assets held by the City as an agent for individuals, principle organizations, other governments and/or funds.

1915 Acts Bonds Fund - accounts for the collection of assessments and debt repayments on the Limited Obligation Improvement Bonds issued to finance the costs of acquisition of streets, storm drains and traffic improvements in Assessment District No. 92-1.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
1915 ACT BONDS AGENCY FUND

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Restricted cash and investments	$ 8,373	$ 82	$ -	$ 8,455
LIABILITIES:				
Due to bondholders	$ 8,373	$ 82	$ -	$ 8,455

STATISTICAL SECTION

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2015

This part of the City of Westminster's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:

CITY OF WESTMINSTER

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual bases of accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	$ 89,013,498	$ 93,264,276	$ 97,870,305	$ 100,104,347
Restricted	43,466,845	62,906,004	78,051,423	99,106,443
Unrestricted	65,750,751	64,244,252	71,423,945	63,917,681
Total governmental activities net position	$ 198,231,094	$ 220,414,532	$ 247,345,673	$ 263,128,471
Business-type activity:				
Net investment in capital assets	$ 31,958,977	$ 31,234,034	$ 30,019,525	$ 28,951,409
Restricted	367,947	367,355	380,756	335,645
Unrestricted	2,133,832	1,872,906	1,093,307	2,017,567
Total business-type activity net position	$ 34,460,756	$ 33,474,295	$ 31,493,588	$ 31,304,621
Primary government:				
Net investment in capital assets	$ 120,972,475	$ 124,498,310	$ 127,889,830	$ 129,055,756
Restricted	43,834,792	63,273,359	78,432,179	99,442,088
Unrestricted	67,884,583	66,117,158	72,517,252	65,935,248
Total primary government net position	$ 232,691,850	$ 253,888,827	$ 278,839,261	$ 294,433,092

Source: City Finance Department

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
$ 115,917,966	$ 130,622,799	$ 224,286,618	$ 233,128,695	$ 212,179,772	$ 205,398,439
88,669,819	81,222,098	14,770,657	18,418,248	20,922,791	18,906,200
57,608,308	58,305,385	63,601,972	59,794,122	47,925,059	(38,262,036)
$ 262,196,093	$ 270,150,282	$ 302,659,247	$ 311,341,065	$ 281,027,622	$ 186,042,603
$ 28,200,770	$ 27,813,299	$ 27,240,106	$ 27,137,496	$ 28,061,606	$ 28,666,666
113,911	113,160	113,158	113,158	113,103	112,548
3,408,574	5,392,113	8,209,794	7,390,477	7,704,313	7,379,655
$ 31,723,255	$ 33,318,572	$ 35,563,058	$ 34,641,131	$ 35,879,022	$ 36,158,869
$ 144,118,736	$ 158,436,098	$ 251,526,724	$ 260,266,191	$ 240,241,378	$ 234,065,105
88,783,730	81,335,258	14,883,815	18,531,406	21,035,894	19,018,748
61,016,882	63,697,498	71,811,766	67,184,599	55,629,372	(30,882,381)
$ 293,919,348	$ 303,468,854	$ 338,222,305	$ 345,982,196	$ 316,906,644	$ 222,201,472

CITY OF WESTMINSTER

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General government	$ 6,228,357	$ 7,867,505	$ 8,529,466	$ 9,175,952
Public safety	31,688,177	36,299,935	34,981,171	37,564,132
Public works	8,622,725	9,276,287	10,149,119	10,263,012
Community development	14,741,768	12,185,104	12,502,817	12,693,678
Community services	2,122,936	2,883,655	2,873,862	3,050,217
Interest on long-term debt	2,374,796	2,229,851	2,728,406	2,812,049
Total governmental activities expenses	65,778,759	70,742,337	71,764,841	75,559,040
Business-type activity:				
Water enterprise	11,145,539	12,084,948	12,112,328	12,215,154
Total business-type activity expenses	11,145,539	12,084,948	12,112,328	12,215,154
Total primary government expenses	76,924,298	82,827,285	83,877,169	87,774,194
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,633,260	770,204	931,322	859,442
Public safety	3,305,174	2,693,966	2,510,083	2,949,945
Public works	837,055	661,371	710,098	684,585
Community development	1,954,382	1,839,972	2,056,317	1,677,390
Community services	294,745	260,998	323,492	353,094
Operating grants and contributions	6,705,228	6,673,336	8,170,763	8,990,834
Capital grants and contributions	442,300	4,887,888	3,824,058	410,664
Total governmental activities program revenues	15,172,144	17,787,735	18,526,133	15,925,954
Business-type activity:				
Charges for services:				
Water enterprise	10,091,120	10,673,586	10,866,749	11,190,581
Total business-type activity program revenues	10,091,120	10,673,586	10,866,749	11,190,581
Total primary government program revenues	25,263,264	28,461,321	29,392,882	27,116,535
Net revenues (expenses):				
Governmental activities	(50,606,615)	(52,954,602)	(53,238,708)	(59,633,086)
Business-type activity	(1,054,419)	(1,411,362)	(1,245,579)	(1,024,573)
Total net revenues (expenses)	(51,661,034)	(54,365,964)	(54,484,287)	(60,657,659)

Source: City Finance Department

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
$ 21,335,005	$ 11,836,459	$ 1,904,232	$ 3,145,098	$ 3,312,809	$ 3,280,458
36,313,972	37,050,903	39,706,407	38,072,257	44,091,261	40,616,802
10,041,239	10,839,138	12,138,788	11,889,094	12,016,265	11,358,510
12,043,058	14,699,366	11,110,694	5,393,309	7,843,505	8,417,841
2,979,397	2,977,448	2,874,153	2,722,324	2,863,068	2,854,580
6,027,294	6,135,877	4,624,156	218,241	201,770	185,852
88,739,965	83,539,191	72,358,430	61,440,323	70,328,678	66,714,043
11,910,470	12,264,194	12,072,927	12,204,823	12,879,866	13,625,444
11,910,470	12,264,194	12,072,927	12,204,823	12,879,866	13,625,444
100,650,435	95,803,385	84,431,357	73,645,146	83,208,544	80,339,487
871,954	947,291	1,393,011	1,332,542	1,723,410	1,708,850
3,178,152	2,963,243	2,399,733	2,392,084	3,152,528	2,901,892
1,104,193	1,301,079	1,911,770	1,529,292	1,505,347	1,535,590
1,707,098	1,638,817	1,367,032	2,192,448	2,253,350	2,583,435
394,655	388,247	378,061	328,483	358,651	351,225
7,167,620	11,945,008	9,931,063	7,357,298	8,656,867	8,827,408
1,277,811	1,171,634	8,122,092	13,785,183	3,435,672	16,638,708
15,701,483	20,355,319	25,502,762	28,917,330	21,085,825	34,547,108
12,704,027	14,374,002	14,842,016	14,805,527	14,742,082	14,202,098
12,704,027	14,374,002	14,842,016	14,805,527	14,742,082	14,202,098
28,405,510	34,729,321	40,344,778	43,722,857	35,827,907	48,749,206
(73,038,482)	(63,183,872)	(46,855,668)	(32,522,993)	(49,242,853)	(32,166,935)
793,557	2,109,808	2,769,089	2,600,704	1,862,216	576,654
(72,244,925)	(61,074,064)	(44,086,579)	(29,922,289)	(47,380,637)	(31,590,281)

CITY OF WESTMINSTER

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	$ 17,407,934	$ 16,537,117	$ 16,182,971	$ 13,238,135
Property taxes, levied for general purposes	35,816,370	44,158,452	47,114,786	48,096,950
Utility users tax	5,203,530	5,398,058	5,431,551	5,478,092
Motor vehicle taxes	242,717	535,896	411,655	319,341
Other taxes	2,869,831	3,034,760	2,908,715	3,098,184
Unrestricted investment earnings	2,875,268	5,754,628	7,295,177	5,926,914
Transfers	(285,998)	(280,871)	824,994	(741,732)
Extraordinary item	-	-	-	-
Total governmental activities	64,129,652	75,138,040	80,169,849	75,415,884
Business-type activity:				
Unrestricted investment earnings	168,027	144,030	89,866	47,566
Miscellaneous	(11,590)	-	-	46,308
Transfers	285,998	280,871	(824,994)	741,732
Total business-type activity	442,435	424,901	(735,128)	835,606
Total primary government	64,572,087	75,562,941	79,434,721	76,251,490
Changes in net position				
Governmental activities	13,523,037	22,183,438	26,931,141	15,782,798
Business-type activity	(611,984)	(986,461)	(1,980,707)	(188,967)
Total primary government	$ 12,911,053	$ 21,196,977	$ 24,950,434	$ 15,593,831

Source: City Finance Department

	Fiscal Year Ended June 30,					
	2010	2011	2012	2013	2014	2015
	$ 12,212,474	$ 13,164,455	$ 12,994,495	$ 13,931,661	$ 15,523,825	$ 15,749,960
	47,264,839	47,004,633	25,159,373	16,304,916	13,038,715	13,867,837
	5,010,797	5,082,094	5,020,744	4,928,588	5,063,905	4,917,994
	274,349	1,214,413	46,649	48,337	40,004	38,642
	2,825,328	2,199,984	3,020,103	3,110,512	3,205,784	3,340,556
	3,949,401	1,885,429	1,266,006	(222,757)	632,038	550,512
	568,916	587,053	597,070	3,385,481	660,654	(4,525,088)
	-	-	31,260,193	-	(19,235,515)	(16,963,040)
	72,106,104	71,138,061	79,364,633	41,486,738	18,929,410	16,977,373
	26,318	72,561	72,467	86,479	36,327	108,353
	167,675	-	-	-	-	-
	(568,916)	(587,052)	(597,070)	(3,385,481)	(660,654)	4,525,088
	(374,923)	(514,491)	(524,603)	(3,299,002)	(624,327)	4,633,441
	71,731,181	70,623,570	78,840,030	38,187,736	18,305,083	21,610,814
	(932,378)	7,954,189	32,508,965	8,963,745	(30,313,443)	(15,189,562)
	418,634	1,595,317	2,244,486	(698,298)	1,237,889	5,210,095
	$ (513,744)	$ 9,549,506	$ 34,753,451	$ 8,265,447	$ (29,075,554)	$ (9,979,467)

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
General fund:				
Reserved	$ 1,099,215	$ 439,516	$ 178,817	$ 71,467
Unreserved	24,820,433	23,542,289	26,769,605	25,838,264
Total general fund	$ 25,919,648	$ 23,981,805	$ 26,948,422	$ 25,909,731
All other governmental funds:				
Reserved	$ 28,162,911	$ 39,922,224	$ 46,499,980	$ 36,271,246
Unreserved, reported in:				
Special revenue funds	(3,617,166)	(2,081,224)	1,025,637	(3,258,634)
Debt service funds	-	-	-	19,877,443
Capital projects funds	46,964,508	52,855,976	61,134,734	134,679,128
Total all other governmental funds	$ 71,510,253	$ 90,696,976	$ 108,660,351	$ 187,569,183
General fund:				
Nonspendable	$ -	$ -	$ -	$ -
Unassigned	-	-	-	-
Total general fund	$ -	$ -	$ -	$ -
All other governmental funds:				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ -	$ -	$ -	$ -

Note: GASB 54 was implement in 2011, prior years have no comparable data.

Source: City Finance Department

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
$ 8,006	$ -	$ -	$ -	$ -	$ -
27,419,072	-	-	-	-	-
$ 27,427,078	$ -	$ -	$ -	$ -	$ -
$ 40,314,773	$ -	$ -	$ -	$ -	$ -
(4,615,396)	-	-	-	-	-
4,090,059	-	-	-	-	-
117,835,083	-	-	-	-	-
$ 157,624,519	$ -	$ -	$ -	$ -	$ -
$ -	$ 9,944	$ 39,055	$ 33,750	$ 52,290	$ 47,687
-	27,320,296	26,842,509	25,881,185	24,105,648	22,069,159
$ -	$ 27,330,240	$ 26,881,564	$ 25,914,935	$ 24,157,938	$ 22,116,846
$ -	$ 27,768,885	$ 27,633,116	$ 27,491,378	$ 25,919,581	$ -
-	109,183,565	5,761,682	7,015,881	9,454,051	32,727,621
-	22,253,296	19,901,437	21,114,572	22,643,343	20,118,196
-	(6,145,831)	(1,391,240)	-	(753,634)	(261,909)
$ -	$ 153,059,915	$ 51,904,995	$ 55,621,831	$ 57,263,341	$ 52,583,908

CITY OF WESTMINSTER

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Revenues:				
Taxes	$ 64,656,552	$ 73,577,733	$ 74,944,551	$ 72,937,249
Licenses and permits	610,347	673,474	788,416	541,564
Fines	1,115,973	1,122,580	1,163,930	1,204,324
Investment and rental	3,323,952	6,333,700	7,940,173	6,576,597
Intergovernmental	4,010,412	7,086,980	8,796,697	6,681,802
Charges for services	6,230,734	6,731,530	7,182,259	7,147,861
Other	594,603	637,458	411,497	600,436
Total revenues	80,542,573	96,163,455	101,227,523	95,689,833
Expenditures				
Current:				
General government	7,152,460	8,691,822	9,889,172	10,202,999
Public safety	31,171,238	33,692,840	34,862,431	35,678,439
Public works	3,185,114	3,704,058	3,963,226	3,894,763
Community development	8,621,528	10,118,124	11,488,332	11,387,018
Community services	1,972,542	2,181,583	2,327,286	2,345,372
Capital outlay	18,959,758	8,712,611	10,481,427	18,211,162
Debt service:				
Principal retirement	4,345,269	4,512,892	1,494,041	567,487
Interest and fiscal charges	2,203,295	2,071,102	2,901,203	998,797
Note issuance cost	-	-	-	-
Bond issuance cost	-	-	2,038,705	4,684,354
Total expenditures	77,611,204	73,685,032	79,445,823	87,970,391
Excess (deficiency) of revenues over (under) expenditures	2,931,369	22,478,423	21,781,700	7,719,442
Other financing sources (uses):				
Sale of equipment and property	3,390	1,679	15,660	6,034
Issuance of notes	-	-	-	73,055,000
Refunding bonds issed	-	-	35,656,258	-
Payment to refund bond escrow agent	-	-	(37,132,228)	-
Transfers in	25,103,940	22,073,375	41,091,464	44,647,832
Transfers out	(23,880,599)	(27,304,597)	(40,482,862)	(47,558,167)
Total other financing sources (uses)	1,226,731	(5,229,543)	(851,708)	70,150,699
Net change in fund balances, before extraordinary item	4,158,100	17,248,880	20,929,992	77,870,141
Extraordinary item	-	-	-	-
Net change in fund balances	$ 4,158,100	$ 17,248,880	$ 20,929,992	$ 77,870,141
Debt service as a percentage of noncapital expenditures	11.2%	10.1%	9.3%	9.0%

Source: City Finance Department

Fiscal Year Ended June 30,

2010	2011	2012	2013	2014	2015
$ 69,844,492	$ 73,504,074	$ 48,564,166	$ 41,291,261	$ 39,747,241	$ 41,343,833
620,236	530,628	534,216	562,390	590,133	841,683
933,524	1,110,773	880,510	842,025	1,056,336	1,054,360
4,484,131	2,490,896	2,310,873	642,885	1,530,365	1,461,106
5,523,241	7,578,633	8,005,280	4,887,054	5,055,687	5,413,209
8,159,633	7,329,150	6,695,115	6,465,147	7,374,392	7,053,125
699,080	822,043	1,759,189	537,382	814,517	499,627
90,264,337	93,366,197	68,749,349	55,228,144	56,168,671	57,666,943
22,574,407	12,752,912	2,038,157	2,731,615	2,645,794	2,837,553
35,994,815	35,095,326	36,150,994	35,564,705	36,080,703	38,154,641
3,526,715	3,461,921	4,193,485	4,143,916	3,988,725	4,059,709
11,791,113	11,816,018	9,904,011	4,890,934	6,246,260	7,352,977
2,370,867	2,315,418	2,149,528	2,091,607	2,198,832	2,350,030
35,440,808	66,502,982	20,989,342	5,977,328	5,875,873	4,565,323
1,548,636	1,766,261	1,829,853	345,428	356,001	370,100
6,359,141	5,718,438	3,638,255	136,065	125,661	114,819
-	-	-	-	-	-
-	772,601	-	-	-	-
119,606,502	140,201,877	80,893,625	55,881,598	57,517,849	59,805,152
(29,342,165)	(46,835,680)	(12,144,276)	(653,454)	(1,349,178)	(2,138,209)
5,602	1,846,367	14,813	10,275	7,202	10,414
-	40,265,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
34,907,052	49,301,182	28,706,358	12,161,170	11,883,373	11,444,395
(34,309,807)	(48,926,310)	(26,190,975)	(8,767,784)	(11,453,494)	(16,037,125)
602,847	42,486,239	2,530,196	3,403,661	437,081	(4,582,316)
(28,739,318)	(4,349,441)	(9,614,080)	2,750,207	(912,097)	(6,720,525)
-	-	(91,989,516)	-	796,610	-
$ (28,739,318)	$ (4,349,441)	$ (101,603,596)	$ 2,750,207	$ (115,487)	$ (6,720,525)
9.4%	11.2%	9.1%	1.0%	0.9%	0.9%

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(rate per $100 of taxable value)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09340	0.09443	0.17142	0.09443	0.09443	0.09443	0.09443	0.09443
Redevelopment agency	0.39537	0.44615	0.47658	0.48403	0.39240	0.47443	0.48394	0.48930	0.00066	0.00066
Total City Direct Rate	0.48877	0.53955	0.56998	0.57846	0.56382	0.56886	0.57837	0.58373	0.09509	0.09509
Overlapping Rates:										
Special Districts	0.04921	0.04871	0.44000	0.04400	0.04300	0.04400	0.04380	0.04400	0.04400	0.04400
County of Orange	0.15285	0.15285	0.15250	0.15277	0.15277	0.15277	0.15490	0.15277	0.15277	0.15277
School Districts	0.75058	0.74778	0.71000	0.70980	0.70980	0.70980	0.70690	0.70980	0.70980	0.70980
Total Direct Rate	1.04604	1.04274	1.39590	1.00100	1.07699	1.00100	1.00003	1.00100	1.00100	1.00100

Notes:
In 1978 the voters of the State of California passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds.

Source: Orange County Assessor 2014/2015 Annual Tax Increment Tables
HdL, Coren & Cone

CITY OF WESTMINSTER

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

	2015		2006	
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Retail Property Trust	$ 111,890,815	1.47%	$ 122,183,762	2.19%
WRI West Gate South LP	69,247,427	0.91%	60,177,443	1.08%
Land Partners	63,190,119	0.83%		
PK I Pavilions Place LP	50,806,713	0.67%		
Jasmine Place Associates LLC	43,697,482	0.57%		
An Tang Dao Trust	35,561,953	0.47%		
Mary Warne-Parks Trust	29,100,000	0.38%		
CP II Park Lane LLC	29,075,176	0.38%		
CLPF-7400 Hazard LLC	26,821,217	0.35%		
Springdale Villa LP	25,765,144	0.34%	22,630,049	0.40%
Asian Garden Limited			30,040,722	0.54%
REVX-224 Inc			25,578,875	0.46%
Delma Corporation			18,959,519	0.34%
CMF Inc			18,631,341	0.33%
California Drive-In Theaters			17,104,480	0.31%
M Westland LLC			15,065,152	0.27%
Granite Patk Lane LP			14,943,416	0.27%
	$ 485,156,046	6.37%	$ 345,314,759	6.19%

The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: HdL, Coren & Cone

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CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	$ 2,479,852	$ 2,454,465	98.98%	$ 2,653	$ 2,457,118	99.08%
2007	2,482,855	2,452,572	98.78%	3,956	2,456,528	98.94%
2008	2,480,113	2,473,935	99.75%	5,545	2,479,480	99.97%
2009	2,486,095	2,466,393	99.21%	n/a	2,466,393	99.21%
2010	2,474,260	2,448,073	98.94%	n/a	2,448,073	98.94%
2011	2,474,791	2,441,784	98.67%	n/a	2,441,784	98.67%
2012	2,482,399	2,444,304	98.47%	n/a	2,444,304	98.47%
2013	2,478,261	2,446,175	98.71%	n/a	2,446,175	98.71%
2014	2,486,017	2,459,754	98.94%	n/a	2,459,754	98.94%
2015	2,484,435	2,423,695	97.56%	n/a	2,423,695	97.56%

Note:
The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Sources: Orange County Assessor's Office
Orange County Office of Auditor-Controller

CITY OF WESTMINSTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years

	City			
Fiscal Year Ended June 30,	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2006	$ 3,070,314,334	$ 101,438,368	$ 82,526,972	$ 3,089,225,730
2007	3,070,312,328	101,438,368	82,533,972	3,089,216,724
2008	3,069,628,787	101,438,368	82,540,972	3,088,526,183
2009	3,067,626,290	101,438,368	82,540,972	3,086,523,686
2010	3,067,626,290	101,438,368	82,540,972	3,086,523,686
2011	3,069,535,195	101,438,368	82,540,972	3,088,432,591
2012	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2013	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2014	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2015	3,064,980,617	101,438,368	82,540,972	3,083,878,013

Notes:
Beginning with the fiscal year ended June 30, 2002, exemptions are netted directly against the individual property categories.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

* Total direct tax rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013-14, the Total Direct Tax Rate no longer includes revenues generated from the former redevelopment tax areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For the proposes of this report, residual revenue is assumed to be distributed to the City in the same proportion as general fund revenue.

Sources: HdL Coren & Cone, Orange County Assessor 2014/2015 Combined Tax Rolls
Orange County Auditor-Controller

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
$ 5,498,360,086	$ 190,250,992	$ 98,904,230	$ 5,589,706,848	0.48877%
6,073,405,708	234,532,935	105,484,147	6,202,454,496	0.53955%
6,522,611,781	223,161,571	108,888,418	6,636,884,934	0.56998%
6,640,331,942	246,139,801	115,830,355	6,770,641,388	0.57846%
6,475,021,589	223,131,714	85,047,489	6,613,105,814	0.56382%
6,671,290,676	234,915,169	127,617,865	6,778,587,980	0.56886%
6,810,028,867	260,385,471	135,330,222	6,935,084,116	0.57837%
6,918,154,624	217,478,421	120,375,213	7,015,257,832	0.58373%
7,126,139,657	179,837,353	133,206,501	7,172,770,509	0.09509% *
7,524,637,360	232,501,482	135,957,596	7,621,181,246	0.09509% *

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

	2015		2006	
Water Customer	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	$ 262,444	1.97%	$ 139,782	1.44%
Arnel Management	206,448	1.55%	119,537	1.23%
Westminster School District	138,372	1.04%	89,833	0.93%
Garden Grove Unified	122,729	0.92%	48,521	0.50%
Los alisos	121,365	0.91%	32,552	0.34%
Huntington Beach Union High School	94,478	0.71%	-	0.00%
Westminster Village HOA	86,563	0.65%	46,047	0.47%
Pembrook Mgmt Company	74,402	0.56%	40,369	0.42%
Mission Del Amo Mobile Home Park	69,559	0.52%	38,016	0.39%
Tres Vidas Apartments	64,558	0.48%	-	0.00%
Prado Verde Estates	62,296	0.47%	30,998	0.32%
Windmill Apartments	55,560	0.42%	30,002	0.31%
Granite Park Lane	-	0.00%	48,476	0.50%
JMR Enterprises Ltd	-	0.00%	30,740	0.32%
Total	$ 1,358,774		$ 694,873	
Total Metered Water Sales	$ 13,324,386		$ 9,695,102	

Source: City of Westminster

CITY OF WESTMINSTER

WATER RATES

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Monthly Base Rate	Rate per 1,000 Gallons
2006	$ 4.82	$ 1.26
2007	4.82	1.26
2008	5.21	1.36
2009	5.21	1.56
2010	5.78	1.97
2011	6.52	2.25
2012	6.52	2.30
2013	6.52	2.30
2014	7.30	2.30
2015	7.30	2.30

Note:
Rates are based on 5/8" meter, which is the standard household meter size. The City charges an excess-use rate above normal demand.

Source: City of Westminster

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CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years
(in millions of gallons)

Fiscal Year Ended June 30,	Type of Customer					
	Residential	Industrial	Commercial	Military	Government	Total
2006	$ 8,338,946	$ 103,672	$ 1,661,118	$ -	$ 118,161	$ 10,221,897
2007	8,477,163	91,779	1,617,759	-	92,457	10,279,158
2008	8,454,873	107,602	1,696,826	-	102,111	10,361,412
2009	9,125,193	105,137	1,750,138	-	106,469	11,086,937
2010	10,159,526	122,059	2,027,216	-	111,499	12,420,300
2011	11,304,445	120,700	2,311,541	-	96,485	13,833,171
2012	11,620,170	119,472	2,561,499	-	104,206	14,405,347
2013	12,038,551	111,678	2,564,280	-	98,127	14,812,636
2014	11,918,276	121,814	2,657,925	-	106,287	14,804,302
2015	11,312,453	108,947	2,501,890	-	101,055	14,024,345

Total direct rate
per 1,000 gallons

Source: City of Westminster

CITY OF WESTMINSTER

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities				
Fiscal Year Ended June 30,	Tax Allocation Bonds	Leases Payable	Certificates of Participation	Notes Payable	Total Governmental Activities
2006	$ 36,925,000	$ -	$ 8,498,219	$ 300,000	$ 45,723,219
2007	32,895,000	-	7,837,747	300,000	41,032,747
2008	30,140,000	-	7,479,879	300,000	37,919,879
2009	103,195,000	-	6,699,671	300,000	110,194,671
2010	102,235,000	-	5,889,463	300,000	108,424,463
2011	141,340,000	-	5,054,255	300,000	146,694,255
2012	-	-	4,850,000	-	4,850,000
2013	-	-	4,360,000	-	4,360,000
2014	-	552,088	3,855,000	-	4,407,088
2015	-	479,507	3,330,000	-	3,809,507

Notes: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

Source: City Finance Department

Business-type Activity					
Certificates of Participation	Loans Payable	Total Business-type Activity	Total Primary Government	Percentage of Personal Income	Debt per Capita
$ 3,802,154	$ 3,886,724	$ 7,688,878	$ 53,412,097	3.55%	577
3,663,223	3,604,845	7,268,068	48,300,815	3.15%	520
4,619,091	2,386,023	7,005,114	44,924,993	2.88%	483
4,220,083	2,296,152	6,516,235	116,710,906	8.04%	1,251
3,806,075	2,203,127	6,009,202	114,433,665	7.78%	1,214
3,377,067	2,106,835	5,483,902	152,178,157	9.97%	1,692
3,250,000	2,007,163	5,257,163	10,107,163	0.63%	111
3,030,000	1,903,992	4,933,992	9,293,992	0.56%	102
2,800,000	1,797,198	4,597,198	9,004,286	0.51%	98
2,565,000	1,686,655	4,251,655	8,061,162	343.00%	88

CITY OF WESTMINSTER

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Outstanding General Bonded Debt: General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
2006	$ -	$ -	$ -	0.00%	$ -
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

Source: City Finance Department

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING DEBT

June 30, 2015

	Percentage Applicable (1)	Total Debt 6/30/2015	City's Share of Debt 6/30/15
2014-15 Assessed Valuation:		$ 7,628,668,713	
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	0.328%	$ 110,420,000	$ 362,178
Coast Community College District	6.746%	609,598,698	41,123,528
Garden Grove Unified School District	9.083%	243,995,160	22,162,080
Huntington Beach Union High School District	12.500%	202,489,998	25,311,250
Westminster School District	61.749%	75,436,557	46,581,320
Total Overlapping Tax and Assessment Debt		$ 1,241,940,413	$ 135,540,356
Direct and Overlapping General Fund Debt:			
Orange County General Fund Obligations	1.619%	$ 98,906,000	$ 1,601,288
Orange County Pension Obligations	1.619%	366,854,623	5,939,376
Orange County Board of Education Certificates of Participation	1.622%	15,190,000	245,926
Municipal Water District of Orange County Water Facilities Corporation	1.930%	5,360,000	103,448
Huntington Beach Union High School District Certificates of Participation	12.500%	59,691,090	7,461,386
Ocean View School District Certificates of Participation	5.369%	14,725,000	790,585
Westminster School District Certificates of Participation	61.749%	22,410,000	13,837,951
City of Westminster Certificates of Participation	**100.000%**	**3,330,000**	**3,330,000**
City of Westminster Leases Payable	**100.000%**	**479,507**	**479,507**
Total Gross Direct and Overlapping General Fund Debt		$ 586,946,220	$ 33,789,467
Less: MWDOC Water Facilities Corporation (100% self-supporting)			103,448
Total Net Direct and Overlapping General Fund Debt			$ 33,686,019
Overlapping Tax Increment Debt: (Successor Agency):	100.000%	$ 119,860,000	$ 119,860,000
Total Direct Debt			**$ 3,809,507**
Total Gross Overlapping Debt			$ 285,380,316
Total Net Overlapping Debt			$ 285,276,868
Gross Combined Total Debt			$ 289,189,823 (2)
Net Combined Total Debt			$ 289,086,375

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	1.78%
Total Direct Debt ($3,809,507)	**0.05%**
Gross Combined Total Debt	3.79%
Net Combined Total Debt	3.79%

Ratios to Redevelopment Successor Agency Incremental Valuation ($4,462,249,728):	
Total Overlapping Tax Increment Debt	2.69%

Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Assessed valuation	$ 3,171,752,702	$ 3,171,750,696	$ 3,171,050,607	$ 3,171,067,155
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	792,938,176	792,937,674	792,762,652	792,766,789
Debt limit percentage	15%	15%	15%	15%
Debt limit	118,940,726	118,940,651	118,914,398	118,915,018
Total net debt applicable to limitation:				
General obligation bonds	-	-	-	-
Legal debt margin	$ 118,940,726	$ 118,940,651	$ 118,914,398	$ 118,915,018
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: Orange County Assessor's Office
City Finance Department

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
$ 3,169,064,658	$ 3,168,813,154	$ 3,170,973,563	$ 7,023,383,445	$ 7,176,140,802	$ 7,628,668,713
25%	25%	25%	25%	25%	25%
792,266,165	792,203,289	792,743,391	1,755,845,861	1,794,035,201	1,907,167,178
15%	15%	15%	15%	15%	15%
118,839,925	118,830,493	118,911,509	263,376,879	269,105,280	286,075,077
-	-	-	-	-	-
$ 118,839,925	$ 118,830,493	$ 118,911,509	$ 263,376,879	$ 269,105,280	$ 286,075,077
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WESTMINSTER

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	$ 10,259,147	$ 9,237,504	$ 1,021,643	$ 150,000	$ 181,802	3.08
2007	10,817,613	9,885,518	932,095	155,000	175,146	2.82
2008	10,956,615	10,096,961	859,654	200,011	291,052	1.75
2009	11,238,147	10,284,546	953,601	473,459	243,728	1.33
2010	12,730,344	10,334,102	2,396,242	490,165	230,258	3.33
2011	14,446,563	10,623,725	3,822,838	506,930	215,261	5.29
2012	14,914,482	10,533,453	4,381,029	518,758	199,751	6.10
2013	14,892,006	10,626,700	4,265,306	275,651	183,875	9.28
2014	14,778,408	11,214,693	3,563,715	287,609	175,282	7.70
2015	14,310,451	11,794,202	2,516,249	294,637	166,031	5.46

Notes: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
Operating expenses do not include interest or depreciation expenses.

Source: City Finance Department

CITY OF WESTMINSTER

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Personal Income (in billions)(2) *	Per Capita Personal Income (2) *	Unemployment Rate (3)
2006	92,566	$ 150.6	$ 57,302	4.00%
2007	92,870	153.4	56,336	4.50%
2008	93,027	155.9	54,979	5.90%
2009	93,284	145.2	51,349	10.00%
2010	94,294	147.1	51,086	13.20%
2011	89,937	152.6	51,091	12.70%
2012	90,677	160.0	52,093	11.20%
2013	91,169	167.4	53,129	9.20%
2014	91,652	177.2	54,623	7.50%
2015	92,106	186.4	56,139	6.00%

Sources:
(1) State Department of Finance
* (2) Department of Transportation - Orange County Economic Forecast (estimates last updated 6/30/15)
(3) U.S. Dept of Labor, Bureau of Labor & Statistics (estimates last updated 6/30/15)

CITY OF WESTMINSTER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2015		2006	
Employer	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Westminster School District	691	1.60%		
Kindred Hospital Westminster	687	1.59%	410	0.92%
City of Westminstwr	382	0.88%	393	0.88%
Walmart	354	0.82%	300	0.67%
Macy's	245	0.57%		
Westminster High School	217	0.50%	250	0.56%
Target	200	0.46%	210	0.47%
Honda World	197	0.46%		
JC Penney Co	168	0.39%	235	0.52%
Home Depot	140	0.32%		
B & E Farm/Ito Farms			700	1.56%
Southern California Edison			613	1.37%
BE Aerospace Manufacturing			350	0.78%
Sears			300	0.67%
Hapa Industries, Ltd			250	0.56%
Lexus of Westminster			175	0.39%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Sources: MuniServices, LLC
EDD Labor Force Data

CITY OF WESTMINSTER

FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	47	46	47	49	47	39	33	22	32	38
Public safety	169	168	174	171	167	162	158	141	145	135
Public works	35	38	36	34	29	30	28	28	29	26
Community development	50	46	43	40	43	42	39	22	19	22
Community service	64	66	73	74	68	63	60	49	54	53
Water	28	29	31	29	28	28	27	25	24	24
Total	393	393	404	397	382	364	345	287	303	298

Source: City Finance Department

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Arrests	2,694	2,568	*1,663	2,092	2,553	2,547	2,513	2,960	2,528	2,646
Traffic violations	11,763	8,796	6,547	6,662	11,432	11,106	8,407	5,566	6,424	2,991
Parking violations	21,839	21,731	15,884	19,102	15,504	16,322	15,193	12,525	19,979	22,965
Fire:										
Number of calls answered	5,804	5,665	*4,248	5,835	5,781	5,880	6,006	6,446	6,201	6,880
Inspections conducted	2,846	1,547	*644	1,820	1,347	1,945	1,555	513	1,028	1,013
Public works:										
Street resurfacing (miles)	7.00	9.00	18.00	15.00	18.00	16.78	15.00	5.50	5.00	3.10
Parks and recreation:										
Number of recreation classes	988	924	991	786	532	1,391	1,143	1,081	1,218	1,347
Number of facility rentals	84	89	85	80	80	87	97	72	59	80
Water:										
New connections	56	38	**7,095	**4,214	**3,725	**3,317	30	33	28	43
Average daily consumption (in hundred cubic feet)	15,176	15,367	14,910	14,678	13,477	13,219	13,724	14,054	14,374	13,678

* As of September 30, 2008

** Includes replacement meters

Source: City of Westminster

CITY OF WESTMINSTER

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30, 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Street (miles)	171	171	171	180	180	180	180	180	180	180
Streetlights	4,687	4,695	4,697	4,697	4,697	4,662	4,747	4,733	4,733	4,733
Traffic signals	64	64	68	66	66	68	68	68	68	68
Parks and recreation:										
Parks	25	24	24	25	25	25	25	24	24	24
Community centers	1	1	1	1	1	1	1	1	1	2
Water:										
Water mains (miles)	157	230	230	230	230	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	60	76	76	76	76	73	73	73	90	90

Source: City of Westminster

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture of Trust which is not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the agreement for a full and complete statement of the provisions thereof.

DEFINITIONS; RULES OF CONSTRUCTION

Definitions

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking account redemption thereof.

"BAM" means Build America Mutual Assurance Company, or any successor thereto or assignee thereof, as the issuer of the Insurance Policy and the Reserve Policy.

"Bond Counsel" means (a) Best Best & Krieger LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Proceeds Fund" means the fund by that name established by the Indenture.

"Bond Year" means any twelve-month period beginning on November 2 in any year and extending to the next succeeding November 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on November 1, 2016.

"Bonds" means, collectively, the Series 2016 Bonds and, if the context requires, and any additional Parity Debt.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"Closing Date" means, with respect to the Series 2016 Bonds, the date on which the Series 2016 Bonds are delivered by the Successor Agency to the Original Purchaser.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate as originally executed by the Successor Agency, and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Successor Agency and related to the authorization, sale and issuance of the Series 2016 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Successor Agency in connection with the issuance of the Series 2016 Bonds, fees and charges of the Trustee and the Prior Trustee for paying and redeeming the Prior Bonds pursuant to the Escrow Agreement, underwriter's discount, original issue discount, legal fees and charges, including bond counsel and financial consultants fees, costs of cash flow verification, premiums for any municipal bond insurance policy that may be purchased and for any Reserve Policy the Successor Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Series 2016 Bonds and other costs, charges and fees in connection with the original issuance of the Series 2016 Bonds, reimbursement for City of Westminster staff costs or any other expense directed by the Successor Agency to be paid from moneys in the Costs of Issuance Fund.

"Costs of Issuance Fund" means the fund by that name established by the Indenture.

"County" means the County of Orange, a county duly organized and existing under the Constitution and laws of the State.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Defeasance Obligations" means:

(a) cash;

(b) Federal Securities; and

(c) Subject to the written approval of the Insurer, pre-refunded municipal bonds rated "Aa" or higher by Moody's and "AA" or higher by S&P, provided that, the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals;

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Indenture.

"Depository System Participant" means any participant in the Depository's book-entry system.

"Dissolution Act" means the provisions of Assembly Bill X1 26, signed by the Governor June 28, 2011, and filed with the Secretary of State June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012 and as amended by Senate Bill 107 signed by the Governor on September 22, 2015.

"DOF" means the California Department of Finance.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement by and between the Successor Agency and the Escrow Bank relating to the defeasance and redemption of the Prior Bonds.

"Escrow Bank" means MUFG Union Bank, N.A.

"Escrow Fund" means the fund by that name established under the Escrow Agreement.

"Event of Default" means any of the events described in the Indenture.

"Fair Market Value" means, with respect to any investment, 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 Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) 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 Tax Code, (iii) 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, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any written directions of the Successor Agency.

"Federal Securities" means any direct, noncallable 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 and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"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 Successor Agency as its official fiscal year period pursuant to a Request of the Successor Agency filed with the Trustee.

"Former Agency" means the Westminster Redevelopment Agency, a public body corporate and politic duly organized and formerly existing under the Law and dissolved in accordance with the Dissolution Act.

"Improvement Fund" means the fund by that name established by the Indenture.

"Indenture" means the Indenture of Trust by and between the Successor Agency and the Trustee, as amended or supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Fiscal Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Request of the Successor Agency delivered to the Trustee.

"Insurance Policy" means the municipal bond insurance policy delivered by the Insurer guaranteeing the principal of and interest on the Insured Bonds when due.

"Insured Bonds" means the Series 2016 Bonds, maturing November 1, 2026 through November 1 2036, inclusive, and the Insured Term Bonds maturing November 1, 2041 and November 1, 2045.

"Insured Term Bonds" means the Term Bonds so designated in the Indenture.

"Insurer" means (i) BAM as provider of the Reserve Policy and as provider of the Insurance Policy, and (ii) the provider of a municipal bond or financial guaranty insurance policy with respect to an issue of Bonds (other than the Series 2016 Bonds) or with respect to an issue of bonds the proceeds of which are used to purchase an issue of Bonds (other than the Series 2016 Bonds).

"Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means each May 1 and November 1, commencing November 1, 2016, for so long as any of the Bonds remain unpaid.

"Law" means the Redevelopment Law, as amended by the Dissolution Act.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Nominee" means Cede & Co., as nominee of DTC, or any successor nominee.

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee in Los Angeles, California, provided that for the purposes of maintenance of the Registration Books and surrender of the Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated on behalf of itself and Citigroup Global Markets Inc. as original purchaser of the Series 2016 Bonds.

"Outstanding", when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the Series 2016 Bonds pursuant to the Indenture.

"Parity Debt Instrument" means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of the Indenture, including, without limitation, the provisions of the Indenture.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank;

(c) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase, including those of the Trustee or its affiliates provided any bank deposits must be FDIC insured or collateralized by Federal Securities or other Permitted Investments described in the Indenture;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;

(f) investments in one or more money market mutual funds rated AAAm or AAAm-G or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services, but excluding funds with a floating net asset value;

(g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant and with the prior approval of S&P, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in the Indenture on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements approved in writing by the Insurer;

(i) other forms of investments approved in writing by the Insurer;

(j) the County's investment pool; and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 11429.1 of the California Government Code but only, in the case of Trustee held funds, to the extent any monies invested by the Trustee are subject to deposit and withdrawal solely by the Trustee.

(l) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services), but excluding such funds with a floating net asset value, provided however that with respect to amounts on deposit in the Improvement Fund, any such money market mutual fund, may have only one such rating from either S&P or Moody's and may have a floating net asset value so long as such fund is not available as an automated sweep vehicle. For investments in the Improvement Fund, such money market funds shall be managed so that income is exempt from federal taxation and not subject to the Alternative Minimum Tax.

(m) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the three highest (four highest in the case of investments in the Improvement Fund) rating categories assigned by such agencies, provided that in the case of amounts on deposit in the Improvement Fund invested in bonds or notes issued by any state or municipality, only one such rating from either S&P or Moody's is required. For investments in the Improvement Fund, income from such bonds or notes must be exempt from federal taxation and not subject to the Alternative Minimum Tax.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Prior Bonds" means the $73,055,000 original principal amount of Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2009 Subordinate Tax Allocation Bonds (Police Facility).

"Prior Indenture" means the Trust Indenture, dated as of March 1, 2009, between the Former Agency and the Prior Trustee.

"Prior Trustee" means MUFG Union Bank, N.A. as trustee under the Prior Bonds Indenture.

"Qualified Reserve Account Credit Instrument" means (i) the Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or Reserve Policy issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (b) such letter of credit or Reserve Policy has a term of at least twelve (12) months; (c) such letter of credit or Reserve Policy has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or Reserve Policy to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

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

"Redemption Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Redevelopment Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to California Health and Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

"Redevelopment Project" means the Commercial Redevelopment Project No. 1 and such sub-areas or amendment areas thereof.

"Refunding Law" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Series 2016 Bonds.

"Request of the Successor Agency" means a request in writing signed by the City Manager in the capacity of Chief Administrative Officer of the Successor Agency, Successor Agency Clerk, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Reserve Policy" means the municipal bond debt service reserve insurance policy issued by the Insurer in the stated amount of $5,443,500, deposited into the Reserve Account relating to the Series 2016 Bonds.

"Reserve Requirement" means, with respect to the Series 2016 Bonds, as of the Closing Date, the least of (i) ten percent (10%) of the original par amount of the Series 2016 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2016 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2016 Bonds; provided, further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

"S&P" means Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, Inc., its successors and assigns.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn: 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 Successor Agency may designate in a Request of the Successor Agency delivered to the Trustee.

"Senior Bonds" means the 2008 Bonds and any additional Senior Bonds.

"Senior Bonds Indenture" means the indentures which relate to the issuance of the Senior Bonds and any Additional Senior Bonds.

"Series 2016 Bonds" means the Successor Agency to the Westminster Redevelopment Agency Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Bonds.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"State" means the State of California.

"Subordinate Debt" means the 2011 Bonds and any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency in accordance with the requirements of the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds.

"Successor Agency" means the Successor Agency to the Westminster Redevelopment Agency, a public entity existing under the Dissolution Act, as successor to the Former Agency.

"Supplemental Indenture" means any indenture, agreement or other instrument which amends, supplements or modifies the Indenture and which has been duly entered into by and between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) 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, under said Code.

"Tax Revenues" means that portion of taxes annually allocated to the Agency with respect to the Redevelopment Project (excluding therefrom the Original Area, Amendment 1 and Amendment 2 for purposes of this definition, unless some or all of said areas are added to the definition hereof by subsequent action of the Agency pursuant to a Supplemental Indenture following amendment of the Redevelopment Plan or other action permitted under the Law to add some or all of said areas) following the Closing Date pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (a) all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate and (b) amounts that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law to the extent permitted to be applied to the payment of principal, interest and premium with respect to the Bonds; but excluding all amounts of such taxes (i) required to be paid to entities other than the Agency pursuant to pass-through agreements or similar tax-sharing arrangements entered into pursuant to Section 33401 or imposed by Section 33607.5 of the Law which are not by their terms or otherwise subordinate to the payment of principal, interest and premium on the Bonds, and (ii) required to pay debt service on the 2008 Bonds. Additionally, Tax Revenues shall include funds deposited in the Redevelopment Property Tax Trust Fund pursuant to Section 34177.5(g) of the California Health and Safety Code to the extent that such moneys are available after such amounts have been set aside and reserved for the payment of debt service or other obligations that have a prior claim to the payment of the 2016 Bonds.

"Term Bonds" means, collectively, (a) the Series 2016 Bonds designated as Insured Term Bonds maturing on November 1, 2041 and 2045, (b) the Series 2016 Bonds designated as the Uninsured Term Bonds maturing on November 1, 2041 and 2045, and (c) any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

"Trustee" means MUFG Union Bank, N.A., as trustee under the Indenture, or any successor thereto appointed as Trustee under the Indenture in accordance with the provisions of the Indenture.

"2008 Bonds" means the $30,140,000 Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds.

"2011 Bonds" means the $24,305,000 original principal amount Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds Series A Subordinate Lien (Tax-Exempt) (the "2011 Series A Bonds"), $10,400,000 original principal amount Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds Series B Subordinate Lien (Tax-Exempt) (the "2011 Series B Bonds"), and the $5,560,000 original principal amount Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds Series B-T Subordinate Lien (Taxable) (the "2011 Series B-T Bonds").

"Uninsured Term Bonds" means the Term Bonds so designated in the Indenture.

COSTS OF ISSUANCE FUND AND ISSUANCE OF PARITY DEBT

Costs of Issuance Fund

There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On or before February 1, 2017, or upon the earlier Request of the Successor Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund to be used to pay interest on the Bonds on May 1, 2017 and the Trustee shall close the Costs of Issuance Fund.

Improvement Fund

There is established by the Indenture, as a separate fund to be held by the Trustee, the "Improvement Fund."). Moneys in the Improvement Fund shall be held by the Trustee for the benefit of the City and shall be disbursed Upon receipt of an Officer's Certificate which shall set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid and certify that no portion of the amount then being requested to be disbursed was set forth in any Request of the Successor Agency previously filed with the Trustee requesting disbursement, and that the amount being requested is an appropriate disbursement from the Improvement Fund. Moneys in the Improvement Fund shall be invested in paragraphs (l) and (m) of Permitted Investments. Earnings from amounts on deposit in the Improvement Fund shall be retained in such fund. Upon the filing of a Request of the Successor Agency stating that the funds are not needed to complete the project or reimburse the cost thereof, the Trustee shall transfer the amount, if any, remaining in the Improvement Fund and all accounts therein to the Principal Account of the Debt Service Fund to be used to pay the principal of the Bonds. Upon receipt of a Request of the Successor Agency, the Trustee is authorized to act thereon without further inquiry and shall not be responsible for the accuracy of the statements made in such Request of the Successor Agency and shall be absolutely protected and incur no liability in relying on such Request of the Successor Agency.

Issuance of Parity Debt

The Series 2016 Bonds are issued on a subordinate basis to the 2008 Bonds. The Successor Agency has covenanted in the Indenture not to issue any additional obligations that are senior to the Series 2016 Bonds, except as described therein. In addition to the Series 2016 Bonds, the Agency may, by a Supplemental Indenture, issue Parity Bonds payable from Tax Revenues as and to the extent provided in the Indenture and secured by the pledge made under the Indenture equally and ratably with the Bonds previously issued. The Agency may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Parity Bonds, in such principal amount as shall be determined by the Agency, but only upon compliance by the Agency with the provisions of the Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds pursuant to the Indenture:

(a) No Event of Default shall have occurred and then be continuing;

(b) The Supplemental Indenture authorizing the issuance of Parity Bonds shall provide that (i) interest on such Parity Bonds shall be calculated at a fixed interest rate if the Agency determines in such Supplemental Indenture that it is to be paid on a current basis, shall be payable on May 1 and November 1 in each year of the term of such Parity Bonds except the first twelve-month period during which interest may be payable on any May 1 or November 1, and (ii) the principal of such Parity Bonds shall be payable on November 1 in any year, as determined by the Agency, in which principal is payable;

(c) Money or a Qualified Reserve Account Credit Instrument shall be deposited in a subaccount in the Reserve Account for such Parity Bonds (or a reserve fund letter of credit, bank insurance policy or other comparable credit facility provided) in an amount equal to the Reserve Requirement for such Parity Bonds, if required; and

(d) The Agency shall deliver to the Trustee a certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in the Indenture have been satisfied and that the deposit into the Reserve Account as set forth above has been made.

Subordinate Debt; No Additional Senior Debt

Except for the 2008 Bonds and bonds issued to refund the 2008 Bonds which result in a decrease in annual debt service and total debt service, the Agency shall not issue any bonds, notes or other evidence of indebtedness secured by a pledge of Tax Revenues senior to the pledge created under the Indenture. Nothing in the Indenture shall be intended or construed in any way to prohibit or impose any limitations on the issuance by the Agency of bonds, notes, or other obligations or evidences of indebtedness payable from Tax Revenues on a subordinate basis to the pledge of Tax Revenues to the repayment of the Series 2016 Bonds and any Parity Bonds ("Subordinate Debt"), provided that, (i) following an Event of Default under the Indenture, no Subordinate Debt shall be paid prior to the Series 2016 Bonds or any other Parity Bonds in any fiscal year of the Agency, and (ii) the provisions of the Indenture relating to the 2011 Bonds, or any other Subordinate Debt, have been complied with.

SECURITY OF BONDS; FLOW OF FUNDS INVESTMENTS

Pledge of Tax Revenues

Subject to the lien and prior pledge of the Senior Bonds, the Series 2016 Bonds and all other Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Redevelopment Obligation Retirement Fund. In addition, the Series 2016 Bonds and any other Parity Debt, shall, subject to the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Series 2016 Bonds shall be also equally secured by the pledge and lien created with respect to the Series 2016 Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Series 2016 Bonds and the bonds described in (i) above. For the avoidance of doubt, the Series 2016 Bonds are secured by the pledge and lien created with respect to the Series 2016 Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund to the extent set forth in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency, unless otherwise specified in connection with the issuance of such refunding bonds. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Series 2016 Bonds.

In consideration of the acceptance of the Series 2016 Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2016 Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2016 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2016 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Successor Agency has established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. There is established by the Indenture a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with the Indenture. The Successor Agency shall deposit all of the funds received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on any outstanding Senior Bonds, the Series 2016 Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and within five (5) days of receipt shall transfer amounts therein to the Trustee in the following priority: (1) for deposit in the debt service fund established under the Senior Bonds Indenture and for any payment of amounts required thereunder for debt service in such Bond Year, (2) for deposit in the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture, and (3) for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture. The Successor Agency may take into account any funds on deposit with the Trustee for the payment of the Bonds in the Recognized Obligation Payment Schedule period covered by the deposit.

In the event that the amount of Tax Revenues (available after payment of debt service on the Senior Bonds) is not sufficient to pay the Series 2016 Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Series 2016 Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Debt Service Fund; Transfer of Amounts to Trustee

Moneys in the Debt Service Fund shall be transferred to the Interest Account, the Principal Account, the Sinking Account, and the Reserve Account, which are established by the Indenture upon the delivery of the Indenture, in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund. Such accounts are established by the Indenture with the Trustee to pay debt service on the Series 2016 Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, together with the Redemption Account, which shall be established at such times as directed by the Successor Agency, in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each date on which interest on the Series 2016 Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Series 2016 Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Series 2016 Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Series 2016 Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding each date on which principal of the Series 2016 Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Series 2016 Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2016 Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fifth (5th) Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Trustee shall withdraw from the Debt Service Fund and transfer for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement of the Reserve Account. If there shall then not be sufficient Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement of the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement of the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account of the respective series of Series 2016 Bonds in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the respective series of Series 2016 Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each May 1 and November 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The Reserve Requirement with respect to the Series 2016 Bonds shall be satisfied by the delivery of the Reserve Policy to the Trustee. The Trustee shall credit the Reserve Policy to the Series 2016 Subaccount of the Reserve Account, which subaccount is created by the Indenture. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Series 2016 Subaccount of the Reserve Account and applied for the purposes thereof. The Successor Agency shall reimburse the Insurer for all draws under Reserve Policy in accordance with the terms of the Reserve Policy and the Indenture.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of the Term Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Series 2016 Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2016 Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Successor Agency that the Series 2016 Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Series 2016 Bonds and Parity Debt as it becomes due, the Series 2016 Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund. Additionally, any moneys which remain in the Debt Service Fund after payment of principal of and interest on the Bonds shall be used to pay the Insurer for any other unpaid advances under the Insurance Policy or the Reserve Policy.

Investment of Moneys in Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account shall be invested by the Trustee in Permitted Investments specified in the Request of the Successor Agency (which Request shall be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; provided, however, that in the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (f) of the definition thereof provided further, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the Successor Agency specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition, except that such restriction shall not apply to any investment agreement approved by the Insurer. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. The Successor Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Successor 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. The Trustee shall furnish to the Successor Agency monthly statements which shall include detail of all investment transactions made by the Trustee. Upon the Successor 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 Successor Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law.

Valuation and Disposition of Investments

(a) Except as otherwise provided in the Indenture, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by the Indenture or the Tax Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Certificate or Request of the Successor Agency.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof, (consisting of present value thereof, as determined by the Successor Agency, within the meaning of

Section 148 of the Tax Code); provided that the Successor Agency shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in the Indenture, with respect to a yield restriction, for the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually at the market value thereof. For purposes of valuation, the Trustee shall be entitled to utilize any pricing services it considers reliable. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from sale or redemption of any such Permitted Investment.

Municipal Bond Insurance; Reserve Policy

(a) Payment Procedure Under the Insurance Policy. So long as the Insurance Policy remains in effect, the Trustee shall comply with all of the terms and provisions thereof as may be required to submit and enforce a claim thereunder. Without limiting the generality of the foregoing, the Trustee shall comply with the following provisions of the Indenture:

(1) In the event that principal and/or interest due on the Insured Bonds is paid by BAM pursuant to the Insurance Policy, the Insured Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners will continue to exist and will run to the benefit of BAM, and BAM will be subrogated to the rights and remedies of such registered owners including, without limitation, any rights and remedies that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Bonds.

(2) In the event that on the second (2nd) business day prior to any payment date on the Insured Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Bonds due on such payment date, the Trustee will immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee will so notify BAM or its designee immediately upon receipt of payment.

(3) In addition, if the Trustee has notice that any Owner of the Insured Bonds has been required to disgorge payments of principal of or interest on the Insured Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, then the Trustee will notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

(4) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured Bonds as follows:

(i) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Bonds, the Trustee will (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owners of the Insured Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Bonds, (ii) receive as designee of the respective Owners (and not as paying agent) in accordance with the tenor of the Insurance Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(ii) If there is a deficiency in amounts required to pay principal of the Insured Bonds, the Trustee will (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owner of the Insured Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Bonds surrendered to BAM, (ii) receive as designee of the respective Owners (and not as paying agent) in accordance with the tenor of the Insurance Policy payment therefore from BAM, and (iii) disburse the same to such Owners.

(5) The Trustee will designate any portion of payment of principal on Insured Bonds paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and will issue a replacement Insured Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Bond will have no effect on the amount of principal or interest payable by the Successor Agency on any Insured Bond or the subrogation or assignment rights of BAM.

(6) Payments with respect to claims for interest on and principal of Insured Bonds disbursed by the Trustee from proceeds of the Insurance Policy will not be considered to discharge the obligation of the Successor Agency with respect to such Insured Bonds, and BAM will become the owner of such unpaid Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

(7) Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of BAM that:

(i) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Bonds, BAM will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the Indenture and the Insured Bonds; and

(ii) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the Indenture and the Insured Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Bonds to Owners, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

(8) The Successor Agency agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM’s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture or the Insurance Policy (“Administrative Costs”). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, defined in the Indenture, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

(9) Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Insurance Policy (the “Insurance Policy Payment”); and (ii) interest on the Insurance Policy Payments from the date paid by

BAM until payment thereof in full by the Successor Agency, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Successor Agency hereby covenants and agrees that the BAM Reimbursement Amounts are secured by a lien on and pledge of the Tax Revenues and payable from such Tax Revenues on a parity with debt service due on the Series 2016 Bonds. The Indenture shall not be discharged until all Administrative Costs and BAM Reimbursement Amounts owing to BAM shall have been paid in full, and such obligation shall expressly survive the discharge and defeasance in full of the Series 2016 Bonds.

(b) Provisions Relating to Series 2016 Surety Bond. So long as the Reserve Policy remains in force and effect or any amounts are owed in connection therewith, the following provisions of the Indenture shall govern, notwithstanding anything to the contrary contained in the Indenture:

(1) The Successor Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. For purposes of this Section, "Late Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2016 Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as BAM in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation of the Successor Agency to pay Policy Costs shall be secured by a valid lien on all Tax Revenues and other collateral pledged as security for the Series 2016 Bonds (which lien shall be subordinate only to the lien securing the Series 2016 Bonds and any Parity Debt and which lien shall be on a parity with the lien securing the obligation of the Successor Agency to replenish the reserve account for any Parity Debt and to reimburse the provider of a letter of credit, surety bond or similar instrument related to the debt service reserve fund for any Parity Debt).

All cash and investments in the Reserve Account established for the Series 2016 Bonds and all other available amounts in any funds available to pay debt service on the Series 2016 Bonds shall be transferred to the Debt Service Fund for payment of the debt service on the Series 2016 Bonds before any drawing may be made on the Reserve Policy or any other Qualified Reserve Account Credit Instrument on deposit in the 2016 Reserve Subaccount in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts into the Reserve Account. Draws on all Qualified Reserve Account Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable Qualified Reserve

Account Credit Instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(2) Draws under the Reserve Policy may only be used to make payments on the Series 2016 Bonds.

(3) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2016 Bonds, or (ii) remedies which would adversely affect Owners of the Series 2016 Bonds.

(4) The Indenture shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Series 2016 Bonds.

(5) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Indenture and provide notice to BAM at least three (3) Business Days prior to each date upon which interest or principal is due on the Series 2016 Bonds.

(6) The Reserve Policy shall expire on the earlier of the date the Series 2016 Bonds are no longer outstanding and the final maturity date of the Series 2016 Bonds.

Additional Rights of BAM; Notices and Other Information to be Provided to BAM.

In addition to the rights set forth in the Indenture, BAM shall have the additional rights set forth below. The terms and provisions of the Indenture, shall govern and control, notwithstanding anything to the contrary set forth in the Indenture.

(a) BAM is recognized as and shall be deemed to be a third party beneficiary under the Indenture and may enforce the provisions of the Indenture as if it were a party under the Indenture.

(b) The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by BAM and will further provide appropriately designated individuals and officers to discuss the affairs, finance and accounts of the Successor Agency or any other matter as BAM may reasonably request.

(c) The Successor Agency will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the Owners of Series 2016 Bonds or the Trustee under the Indenture. BAM will receive copies of all notices and amendments relating to the Series 2016 Bonds.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy Nos. 2016B0103 and 2016B0102, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Insurance Policy, then a copy of such notice or other communication will also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and will be marked to indicate "URGENT MATERIAL ENCLOSED."

(d) BAM will receive prior written notice of any name change of the Trustee for the Series 2016 Bonds or the resignation or removal of the Trustee. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least

$75,000,000 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by BAM in writing.

(e) No removal, resignation or termination of the Trustee will take effect until a successor, acceptable to BAM, will be qualified and appointed. BAM will have the right to direct the replacement of the Trustee upon the occurrence of an event of a default on the Series 2016 Bonds and any event of default under any senior or subordinate obligations to the extent BAM determines in its sole discretion that there exists or could exist a conflict of interest.

(f) The Successor Agency will send copies of any amendments or supplements to BAM and the rating agencies that have assigned a rating to the Series 2016 Bonds. The prior written consent of BAM is required for any amendments or supplements to the Indenture with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the Indenture, or

(ii) To grant or confer upon the Owners of the Series 2016 Bonds any additional rights, remedies, powers, Successor Agency or security that may lawfully be granted to or conferred upon the Owners of the Series 2016 Bonds, or

(iii) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Indenture other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the Successor Agency in the Indenture other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture that requires the consent of Owners of the Series 2016 Bonds or adversely affects the rights or interests of BAM will be subject to the prior written consent of BAM.

(h) Any reorganization or liquidation plan with respect to the Successor Agency must be acceptable to BAM. In the event of any reorganization or liquidation of the Successor Agency, BAM will have the right to file a claim, object to and vote on behalf of all Owners of the Series 2016 Bonds absent a continuing failure by BAM to make a payment under the Insurance Policy. The Successor Agency will provide BAM with immediate written notice of any insolvency event that causes the Successor Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, BAM will have the right to negotiate and speak on behalf of and bind the Owners of the Insured Bonds and any agreements reached must be acceptable to BAM.

(i) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM will be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Insured Bonds or the Trustee for the benefit of the Owners of the Insured Bonds under the Indenture. The Trustee may not waive any default or event of default without BAM's written consent.

(j) Upon the occurrence and continuance of a default or an Event of Default, BAM shall be deemed to be the sole owner of the Insured Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

(k) BAM's prior written consent is required as a condition precedent to and in all instances of acceleration of the Series 2016 Bonds.

(l) No grace period will be permitted for payment defaults on the Series 2016 Bonds. No grace period for a covenant default relating to the Series 2016 Bonds will exceed 30 days without the prior written consent of BAM.

(m) If an Insurer Default (as defined below) shall occur and be continuing, then, notwithstanding anything in paragraphs (e)-(i) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Insurance Policy, to the extent of such payment BAM will be treated like any other Owner of the Insured Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Insurance Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Insurance Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph (l), "Insurer Default" means: (A) BAM has failed to make any payment under the Insurance Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

(n) The rights granted to BAM under the Indenture to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Insurance Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Insured Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the Owners of the Insured Bonds or any other person is required in addition to the consent of BAM.

(o) BAM will be entitled to pay principal or interest on the Insured Bonds that become Due for Payment but are unpaid by reason of nonpayment by the Successor Agency (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the Insurance Policy.

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Punctual Payment

The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2016 Bonds and Parity Debt in strict conformity with the terms of the Series 2016 Bonds and of the Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures. Nothing in the Indenture contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Continuing Disclosure

Pursuant to the Indenture, the Successor Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed and delivered by the Successor Agency. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Series 2016 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

Limitation on Additional Indebtedness

Pursuant to the Indenture, the Successor Agency covenants that so long as any of the Series 2016 Bonds remain Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations which are otherwise secured on a basis which is senior to the pledge and lien which secures the Series 2016 Bonds, except refunding bonds of the Senior Bonds as permitted in the Indenture. The Successor Agency covenants by the Indenture that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Series 2016 Bonds and Parity Debt, and any Subordinate Debt.

Extension of Payment of Series 2016 Bonds

The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2016 Bonds or the time of payment of any claims for interest by the purchase of such Series 2016 Bonds or by any other arrangement, and in case the maturity of any of the Series 2016 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2016 Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Series 2016 Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Successor Agency to issue bonds for the purpose of refunding any Outstanding Series 2016 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2016 Bonds.

Payment of Claims

The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant to the Indenture, or which might impair the security of the Series 2016 Bonds or any Parity Debt. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements

The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City of Westminster, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Series 2016 Bonds then Outstanding, or their representatives authorized in writing and the Insurer (or the Insurer’s agents or representatives who have been duly authorized in writing).

The Successor Agency will cause to be prepared and delivered to the Trustee and the Insurer annually, within two hundred and ten (210) days after the close of each Fiscal Year so long as any of the Series 2016 Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner. The Successor Agency will permit the Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the Insurer may reasonably request regarding the security for the Series 2016 Bonds with appropriate officials of the Successor Agency.

Protection of Security and Rights of Owners

The Successor Agency will preserve and protect the security of the Series 2016 Bonds and the rights of the Owners. From and after the date of issuance of any Series 2016 Bonds, such Series 2016 Bonds shall be incontestable by the Successor Agency. The Successor Agency covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the Tax Revenues under applicable law.

Payments of Taxes and Other Charges

The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Redevelopment Project, when the same shall become due. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Disposition of Property

Except as otherwise required by the Dissolution Act, the Successor Agency will not participate in the disposition of any land or real property in the Redevelopment Project to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Redevelopment Project unless such disposition is permitted as provided in the Indenture. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Successor Agency shall not approve the proposed disposition.

Maintenance of Tax Revenues

The Successor Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Tax Revenues. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Redevelopment Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and premium (if any) on the Series 2016 Bonds, amounts owing to the Insurer under the Indenture, and any Parity Debt when due.

Compliance with the Law; Recognized Obligation Payment Schedules

(a) The Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2017, in accordance with Section 34177(0) of the Redevelopment Law. Each such Recognized Obligation Payment Schedule for the semi-annual period ending each June 30 shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

(1) 100% of the amount of principal of and interest on the Senior Bonds coming due and payable on the next succeeding February 1 and August 1;

(2) 100% of the amount of principal of and interest on the Series 2016 Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding May 1 and November 1;

(3) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account and to replenish the amount in any reserve account established for outstanding Senior Bonds, the Series 2016 Bonds or Parity Debt;

(4) any amount then required to make payments due to the Insurer in respect of the Insurance Policy or the Reserve Policy; and

(5) any amount required for debt service coming due in such period on the 2011 Bonds or other Subordinate Debt.

(b) Each Recognized Obligation Payment Schedule for the semi-annual period ending each December 31 shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

(1) 100% of the interest due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding November 1, if applicable;

(2) the remaining principal due on the Series 2016 Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding November 1 and not reserved in the period ending June 30 if applicable;

(3) reserves and amounts due to any Insurer as described under (a)(5); and

(4) the remaining amounts due in such period on the 2011 Bonds or such other Subordinate Debt.

(c) These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due thereunder and under the Indenture in the following six-month period.

In the event that the Successor Agency defeases any Senior Bonds with funds on hand, or refinances any Senior Bonds, then the amount of any annual debt service savings as a result of such defeasance or refunding will be required to be requested in the Recognized Obligation Payment Schedule period beginning January 2 of each year to first be used to pay the May 1 debt service on the Series 2016 Bonds and any Parity Debt, pro rata, not already funded in accordance with the Indenture, and then as a reserve for the timely payment of principal and interest due on the Series 2016 Bonds and any Parity Debt, pro rata, on November 1 of such year, and the amounts requested in in the Indenture shall be reduced by the same amount.

In the event the Successor Agency fails to provide the Oversight Board for approval, or provide the DOF with an Oversight Board approved Recognized Obligation Payment Schedule by the statutory deadlines relating to the Insured Bonds for any period, the Successor Agency designates BAM as its attorney in fact with the power to request that the Oversight Board approve, or provide the DOF with an Oversight Board approved Recognized Obligation Payment Schedule using the format and website application prescribed by the DOF relating to the Insured Bonds.

The Successor Agency will not, without the prior written consent of BAM, approve or submit for approval by the Oversight Board of the Successor Agency or the DOF any Last and Final Recognized Obligation Payment Schedule.

(d) The Successor Agency shall provide BAM with copies of all Recognized Obligation Payment Schedule submitted and any and all correspondence received from the DOF upon receipt. Documents which are posted by DOF under their existing procedures on the DOF website shall meet this requirement. In the event that the Successor Agency is a party to a meet and confer with the DOF that relates to an item of debt service insured by BAM, the Successor Agency shall timely notify BAM and, if the subject of the meet and confer could impact the payment of or security for the Insured Bonds or Policy Costs, BAM shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as BAM determines in its discretion. In the event the Successor Agency receives a denial of the Recognized Obligation Payment Schedule, whether relating to the Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or BAM Reimbursement Amounts relating to the Insured Bonds, the Successor Agency agrees to cooperate in good faith with BAM and BAM shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

Tax Covenants Relating to the Series 2016 Bonds

(a) <u>Private Activity Bond Limitation</u>. The Successor Agency shall assure that the proceeds of the Series 2016 Bonds are not so used as to cause Series 2016 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) <u>Federal Guarantee Prohibition</u>. The Successor Agency 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 Series 2016 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) <u>No Arbitrage</u>. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2016 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 Series 2016 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) <u>Maintenance of Tax-Exemption</u>. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2016 Bonds from the gross income of the Owners of the Series 2016 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Series 2016 Bonds pursuant to the Indenture.

(e) <u>Rebate Requirement</u>. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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 Series 2016 Bonds.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in the Indenture.

Notice of Insufficiency

The Successor Agency covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the

Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming July 1 or January 2, as applicable, is insufficient to pay debt service on the Series 2016 Bonds, to pay debt service on any Parity Bonds, to deposit into the Reserve Account an amount required in order to maintain in the Reserve Account the amount of the Reserve Requirement and to pay amounts due and owing to the Insurer pursuant to the Insurance Policy, the Reserve Policy and the Indenture.

Further Assurances

The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners and the Insurer the rights and benefits provided in the Indenture.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(b) The Successor Agency may, with the prior written consent of the Insurer, remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by the Insurer or, with the prior written consent of the Insurer, an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the principal amount of the Series 2016 Bonds then Outstanding(or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to S&P and Moody's, the Owners and the Insurer at the addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall (i) be a company or bank having trust powers, (ii), shall have an office in the State of California or such other state as shall be acceptable to the Successor Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Seventy Five Million Dollars ($75,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or 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 the Indenture the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall promptly resign in the manner and with the effect specified in the Indenture.

Merger or Consolidation

Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under the Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee

(a) The recitals of facts in the Indenture and in the Series 2016 Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of any offering memorandum, the Indenture or of the Series 2016 Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated in the Indenture. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series 2016 Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Series 2016 Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as 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 the Owners, whether or not such committee shall represent the Owners of a majority of the principal amount of the Series 2016 Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Successor Agency.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Successor Agency, accompanied by an opinion of Bond Counsel, or in accordance with direction of the Owners of not less than a majority of the principal amount of the Series 2016 Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated under the Indenture shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default under the Indenture unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at its Office. Except as otherwise expressly provided in the Indenture, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements therein or of any of the documents executed in connection with the Series 2016 Bonds, or as to the existence of an Event of Default under the Indenture. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Series 2016 Bonds, the observance or performance by the Successor Agency of any other covenants, conditions or terms contained in the Indenture, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to the Indenture and may rely conclusively on the Request of the Successor Agency accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants under the Indenture, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due under the Indenture).

(f) No provision in the Indenture shall require the Trustee to risk, expend, or advance its own funds or otherwise incur any financial liability under the Indenture. However, if the Trustee elects to advance funds, it shall be entitled to receive interest on any moneys advanced by it under the Indenture, at the maximum rate permitted by law.

(g) The Trustee may establish additional accounts or subaccounts of the funds established under the Indenture as the Trustee deems necessary or prudent in furtherance of its duties under the Indenture.

(h) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Series 2016 Bonds.

(i) Before taking any action under the Indenture at the request of the Owners or Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or Insurer for the reimbursement of all expenses to which it may put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) The Trustee shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of 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 event and/or occurrences beyond the control of the Trustee.

(k) The Trustee agrees to accept and act upon facsimile transmission or other electronic transmission of written instructions and/or directions pursuant to the Indenture provided, however, that: (i) subsequent to such facsimile transmission or other electronic transmission of written instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (ii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Right to Rely on Documents

The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under the Indenture in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Request of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Request of the Successor Agency, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Successor Agency.

Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing.

Compensation and Indemnification

The Successor Agency shall pay to the Trustee from time to time compensation for all services rendered under the Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under the Indenture.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless from and 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 under the Indenture, including the costs and expenses of defending against any claim of liability and of enforcing any remedies under the Indenture and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Successor Agency under the Indenture shall survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Accounting Records and Financial Statements

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 the Bonds and all funds and accounts established and held by the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances.

Appointment of Co-Trustee or Agent

It is the purpose of the 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 associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under the 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 in the Indenture granted to the Trustee or hold title to the properties, in trust, as granted in the Indenture, 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 the Indenture 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 the 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, provided that in the event of any conflict, the Co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Successor 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 Successor 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.

The Trustee may perform any of its obligations or duties under the Indenture and under any related documents through agents or attorneys and shall not be responsible for the acts of any such agents or attorneys appointed by it with due care.

No Liability for Agency Performance

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants, and terms contained in the Indenture, or with respect to the investment of any moneys in any fund or account established, held, or maintained by the Successor Agency pursuant to the Indenture

MODIFICATION OR AMENDMENT OF THE INDENTURE

Authorized Amendments

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, with the consent of the Insurer (except no consent is required with respect to such amendments as listed in the Indenture and the issuance of Parity Debt pursuant to the provisions of the Indenture), but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Successor Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Successor Agency provided such addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Successor Agency and certified to the Trustee; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to amend any provision of the Indenture to assure the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or

(e) to comply with the requirements of the provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the Indenture, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer and the written consents of the Owners of a majority of the principal amount of the Bonds then Outstanding are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee. Any modification to the Indenture shall be accompanied with an opinion of counsel to the effect that such supplemental Indenture is a valid and bonding obligation of the Successor Agency and that the amendments do not adversely affect the tax-exempt status of the Series 2016A Bonds.

Promptly following the adoption of any Supplemental Indenture pursuant to the written consent of the Insurer, the Successor Agency shall deliver a copy of the executed Supplemental Indenture to S&P.

As long as an Insurer is not in default under the terms of its Insurance Policy, it shall be deemed the owner of all of the Series 2016 Bonds or Parity Debt insured by its Insurance Policy for all purposes of the Indenture.

Effect of Supplemental Indenture

From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment

After the effective date of any amendment or modification of the Indenture pursuant to the Indenture, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Successor Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

Amendment by Mutual Consent

The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Trustee's Reliance

The Trustee may conclusively rely, and shall be protected in relying, upon an opinion of counsel stating that all requirements of the Indenture relating to the amendment or modification of the Indenture have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

EVENTS OF DEFAULT AND REMEDIES

Events of Default and Acceleration of Maturities

Each of the following events shall constitute an Event of Default under the Indenture:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Subject in all respects to the provisions of the Indenture, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee with the written consent of the Insurer shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with the Indenture.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the the Indenture (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any reasonable fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the reasonable fees, costs and expenses of the Trustee (including reasonable fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Power of Trustee to Control Proceedings

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority of the principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority of the principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in the Indenture.

Limitation on Owners' Right to Sue

No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority of the principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted 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.

Such notification, request, tender of indemnity and refusal or omission are declared by the Indenture, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

Non-waiver

Nothing in any provision of the Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged under the Indenture, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners when due and payable as provided in the Indenture, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee 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 of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee and Owners by the Redevelopment Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, Successor Agency, or Owners, the Successor Agency, Trustee, and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is thereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of the Indenture.

Remedies Not Exclusive

No remedy in the Indenture conferred upon or reserved to the Trustee or Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Rights of the Insurer

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies (including the right to require a declaration of acceleration) granted under the Indenture to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to rights and remedies granted pursuant to the Indenture and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Insurer under the Indenture shall be deemed terminated and shall not be exercisable by the Insurer during any period during which the Insurer shall be in default under the Insurance Policies.

So long as the Insurer shall be in compliance with its payment obligations under the Insurance Policy, the Insurer shall be deemed to be the sole owner of the Insured Bonds for purposes of all provisions relating to an event of default with respect to the Insured Bonds, except with respect to the giving of notice of such an Event of Default. the Insurer shall be included as a party in interest and as a party entitled to (1) notify the Trustee of the occurrence of an Event of Default and (2) request the Trustee to intervene in judicial proceedings that affect the Bonds or the security therefor. In addition, the provisions in the Indenture requiring the consent, approval or direction of the Insurer shall be applicable only at such time as the Insurer shall be in compliance with its payment obligations under the Insurance Policy and the Reserve Policy.

MISCELLANEOUS

Benefits Limited to Parties

Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Insurer, and the Owners, any right, remedy, claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Insurer, and the Owners.

Successor is Deemed Included in All References to Predecessor

Whenever in the Indenture or any Supplemental Indenture either the Successor 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 the Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Defeasance of Bonds

(a) If the Successor Agency shall pay and discharge the entire indebtedness on any Bonds or any portion thereof, in any one or more of the following ways:

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

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Successor Agency under the Indenture, (B) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (C) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (D) the obligations of the Successor Agency to compensate and indemnify the Trustee pursuant to the Indenture. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor

Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

(b) Notwithstanding the provisions of the Indenture, in the event that the principal, interest and premium (if any) on the Series 2016 Bonds shall be paid by the Insurer pursuant to the Insurance Policy, the obligations of the Trustee and the Successor Agency under the Indenture shall continue in full force and effect and the Insurer shall be fully subrogated to the rights of all Owners of the Series 2016 Bonds so paid.

(c) In the event that any portion or all of the Bonds are to be paid and discharged pursuant to the Indenture, the Insurer shall be notified and provided with a draft copy of any proposed escrow agreement establishing the trust, the form of the Independent Certified Public Accountant's Certificate, the Preliminary Official Statement of the refunding issue (if applicable) and the form of approving opinion of bond counsel. These materials shall be delivered to the Insurer by the Successor Agency no less than three (3) Business Days prior to the scheduled payment and discharge.

In addition, the escrow agreement will provide that:

(i) Any substitution of securities will require the delivery of an Independent Certified Public Accountant's Certificate, an opinion of nationally-recognized bond counsel that such substitution will not adversely affect the exclusion from gross income of the Owners of the Series 2016 Bonds of the interest on the Series 2016 Bonds for federal income tax purposes and the prior written consent of the Insurer.

(ii) The Successor Agency will not exercise any prior optional redemption of Insured Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (a) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (b) as a condition to any such redemption there will be provided to the Insurer a report of an Independent Certified Public Accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(iii) The Successor Agency will not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Insurer.

Waiver of Personal Liability

No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

APPENDIX E

DTC AND THE BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Successor Agency believes to be reliable, but the Successor Agency does not take responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit will agree 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

NEITHER THE SUCCESSOR 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.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency. The Successor Agency, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The Successor Agency undertakes no obligation to investigate matters that would enable the Successor Agency to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE SUCCESSOR AGENCY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO 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. THE SUCCESSOR AGENCY AND THE UNDERWRITER ARE NOT 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.

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

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

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record $1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Successor Agency to the
Westminster Redevelopment Agency
8200 Westminster Boulevard
Westminster, CA 92683

Re: $77,425,000 Successor Agency to the Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Successor Agency to the Westminster Redevelopment Agency (the “Agency”) in connection with the issuance by the Agency of the Successor Agency to the Westminster Redevelopment Agency $77,425,000 Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds (the “Bonds”), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) and pursuant to an Indenture of Trust, dated as of August 1, 2016 (the “Indenture”) by and between the Successor Agency to the Westminster Redevelopment Agency (the “Agency”) and MUFG Union Bank, N.A., as trustee thereto (the “Trustee”). The proceeds of the Bonds have been applied by the Agency to refinance certain redevelopment activities. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the “Tax Certificate”), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions 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 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 events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. 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 second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, 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 their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing 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 the valid and legally 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 the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a lien on and pledge of the Tax 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;

5. Interest on the Bonds is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our opinions, expressed herein, may be affected by action taken (or not taken) on events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Redevelopment Agency (the "Agency") in connection with the issuance of $77,425,000 aggregate principal amount of Successor Agency of the Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2016, between the Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"), (the "Indenture"). The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean 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).

"County" means the County of Orange.

"Dissemination Agent" shall mean RSG, Inc., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

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

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

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, on April 1, 2017, and each April 1 thereafter, commencing with the report for the 2015-16 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall in a timely manner send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A or such other form as prescribed or acceptable to the MSRB.

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

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Agency for the preceding fiscal year either as a separate audit of the Agency or as a combined statement with the City's comprehensive audited financial report, prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Agency, the Annual Report shall also include the following:

(b) Principal amount of Bonds outstanding.

(c) Outstanding bonded indebtedness of the Project Area, including without limitation any Senior Bonds, Parity Debt and subordinate debt (including a description of date, amount, term, debt service, rating, insurance in the Fiscal Year to which the Annual Report pertains), and the principal amount of all Agency debt outstanding and payable with Tax Revenues.

(d) Information regarding total historic assessed values and tax increment within the Project Area and the Pledged Areas of the Project Area, as set forth in Tables 4 and 5 of the Official Statement of the Agency, dated July 14, 2016 (the "Official Statement").

(e) Information regarding the top ten (10) tax payers within the Pledged Areas of the Project Area, as set forth in Table 2 of the Official Statement.

(f) For the then current fiscal year, an update of Historical Residual RPTTF Revenues as presented in Table 8 of the Official Statement.

(g) Information regarding assessment appeals for the Pledged Areas of the Project Area as shown in Table 6 of the Official Statement if and to the extent provided to the Agency by the County.

(h) A statement of debt service coverage in the most recently computed fiscal year as calculated in Tables 11 and 12 of the Official Statement, with no need to provide projections.

(i) An annual statement regarding the status of Orange County's most recent policy regarding the advancement of annual tax delinquencies to the Orange County Successor Agency's sub project areas otherwise referred to as the County's version of a "Teeter Plan."

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been available to the public on the MSRB's website. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bondholders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Issuer determines would be material under applicable federal securities laws, the Agency shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) 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 pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

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

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Agency.

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

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements,

(i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate 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 Agency to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Orange or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: August 3, 2016.

SUCCESSOR AGENCY TO THE WESTMINSTER
REDEVELOPMENT AGENCY

By ____

CONTINUING DISCLOSURE EXHIBIT A

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

Name of Agency:	SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY
Name of Bond Issue:	SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 2016 SUBORDINATE TAX ALLOCATION REFUNDING BONDS
Date of Issuance:	August 3, 2016

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Agency, dated the Date of Issuance. [The Agency anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

SUCCESSOR AGENCY TO THE WESTMINSTER
REDEVELOPMENT AGENCY

By __________[to be signed only if filed]_________

APPENDIX H

STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS

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June 29, 2016

Mr. Eddie Manfro, City Manager
City of Westminster
8200 Westminster Boulevard
Westminster, CA 92683

Dear Mr. Manfro:

Subject: Approval of Oversight Board Action

The City of Westminster Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 28, 2016 Oversight Board (OB) resolution on April 29, 2016. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 28, approving the issuance of refunding bonds, making certain determinations with respect to the refunding bonds and providing other matters relating thereto, is approved.

The Agency desires to issue Westminster Commercial Redevelopment Project No. 1, 2016 Subordinate Tax Allocation Refunding Bonds to refund the existing Westminster Commercial Redevelopment Project No. 1, 2009 Subordinate Tax Allocation Bonds, and anticipates achieving approximately $14,406,000 in savings over the remaining life of the bonds.

Finance's approval is based on the understanding that no bonds will be issued unless such bonds meet the limitations outlined in HSC section 34177.5 (a). Following the issuance of the bonds, the Agency's debt service payment obligation for the refunding bonds should be placed on a Recognized Obligation Payment Schedule (ROPS), subject to Finance review and approval.

This resolution states the Agency is authorized to recover its costs related to the issuance of the refunding bonds from the proceeds under HSC section 34177.5 (f) and receive its full administrative cost allowance under HSC Sections 34183. Any associated costs not satisfied with the issuance and the request for administrative cost allowance must be placed on a subsequent ROPS for Finance's review and approval before they can be considered enforceable.

It is our understanding all or a portion of these bonds are still in the process of being refunded. To the extent bonds approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5, the Agency may use Redevelopment Property Tax Trust Funds (RPTTF) received for payment of the original bonds. Any bonds whose refunding is finalized must be separately identified as a new item in a subsequent ROPS and will be subject to Finance's review and approval. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

This is our determination with respect to the OB action taken.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst, at (916) 445-1546.

Sincerely,

Jennifer for

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Erin Backs, Financial Services Manager, City of Westminster
Mr. Frank Davies, Property Tax Manager, Orange County

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on] Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer