NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: Insured: S&P: "AA"**
Underlying: S&P: "BBB+"
See the caption "CONCLUDING INFORMATION—Ratings."

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See the caption "TAX MATTERS."

$34,800,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
Tax Allocation Refunding Bonds
Series 2017

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

The above-captioned bonds (the "Bonds") are being issued by the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency") pursuant to the provisions of section 34177.5 of the California Health and Safety Code and Section 53580 et seq. of the California Government Code (collectively, the "Refunding Law"), a resolution adopted by the Successor Agency and an Indenture of Trust, dated as of February 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers (the "Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. The principal of, premium, if any, and semiannual interest (due April 1, 2017 and each April 1 and October 1 thereafter) on the Bonds will be payable by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See the caption "THE BONDS—Book-Entry System."

The Bonds are subject to optional and mandatory sinking account redemption prior to maturity.*

The Bonds are being issued by the Successor Agency to: (i) refund the Prior Agency's Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) (the "2008 Non-Housing Bonds"), (ii) refund the Prior Agency's Housing Set-Aside Tax Allocation Bonds, Series 2008 (the "2008 Housing Bonds," and together with the 2008 Non-Housing Bonds, the "2008 Bonds"), (iii) purchase a reserve surety to be deposited into the reserve fund for the Bonds, and (iv) pay the costs of issuance for the Bonds, including the premium for a municipal bond insurance policy.

The Bonds are payable from and secured by the Pledged Tax Revenues, as defined in the Indenture, and moneys in certain funds and accounts established under the Indenture, as further described in this Official Statement. See "SECURITY FOR THE BONDS" herein. Pledged Tax Revenues include amounts deposited to the Redevelopment Property Tax Trust Fund maintained by the County of Los Angeles, California (the "County"), less certain amounts described herein. In addition to the Bonds, the Successor Agency may issue or incur parity bonds that are payable from Pledged Tax Revenues on a parity with the Bonds, but only to refund all or a portion of the Bonds. See the caption "SECURITY FOR THE BONDS—Parity Bonds."

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

The scheduled payment of principal of and interest on the Bonds maturing on October 1 of the years 2022 through 2037, inclusive, and 2042 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** ("AGM" or the "Insurer").

ASSURED GUARANTY MUNICIPAL

The Bonds are not a debt of the City of Santa Clarita (the "City"), the County, the State of California (the "State") or any of its political subdivisions (except the Successor Agency) and none of said City, said County, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event will the Bonds be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. None of the members of the Governing Board of the Successor Agency, the Governing Board of the Oversight Board (defined herein), the County Board of Supervisors or any persons executing the Bonds is liable personally on the Bonds.

The Bonds are offered, when, as and if issued, subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed on for the Successor Agency by Burke Williams & Sorensen LLP, Los Angeles, California, the City Attorney, as counsel to the Successor Agency, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel, for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, for the Trustee by its counsel and for the Insurer by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about February 23, 2017.

STIFEL HilltopSecurities A Hilltop Holdings Company.

Dated: February 2, 2017

MATURITY SCHEDULE
BASE CUSIP 80170F

$34,800,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
TAX ALLOCATION REFUNDING BONDS
SERIES 2017

Maturity Date October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2017	$ 820,000	2.000%	0.930%	100.644	AA0
2018	800,000	3.000	1.460	102.434	AB8
2019	820,000	4.000	1.810	105.547	AC6
2020	850,000	5.000	2.030	110.273	AD4
2021	895,000	5.000	2.290	111.779	AE2
2022[I]	935,000	5.000	2.280	114.234	AF9
2023[I]	985,000	5.000	2.500	115.132	AG7
2024[I]	1,030,000	5.000	2.690	115.789	AH5
2025[I]	1,090,000	5.000	2.890	115.971	AJ1
2026[I]	1,140,000	5.000	2.980	116.762	AK8
2027[I]	1,195,000	3.000	3.160	98.565	AL6
2028[I]	1,235,000	3.125	3.340	97.943	AM4
2029[I]	1,275,000	5.000	3.150c	115.227c	AN2
2030[I]	1,335,000	3.375	3.580	97.804	AP7
2031[I]	1,390,000	3.500	3.690	97.866	AQ5
2032[I]	1,430,000	3.625	3.750	98.530	AR3
2033[I]	1,480,000	3.625	3.810	97.736	AS1
2034[I]	1,535,000	3.625	3.870	96.890	AT9
2035[I]	1,585,000	3.750	3.920	97.766	AU6
2036[I]	1,650,000	3.750	3.960	97.152	AV4
2037[I]	1,720,000	3.750	3.990	96.646	AW2

$9,605,000 4.000% Term Bond due October 1, 2042[I] – Yield 4.040%, Price: 99.362, CUSIP†: 80170F AX0

I: Insured Bond
c: priced to the first optional redemption date of October 1, 2026.

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† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The Agency and the Underwriter take no responsibility for the accuracy of such numbers.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA*

CITY COUNCIL

Cameron Smyth, *Mayor*
Laurene F. Weste, *Mayor Pro Tem*
Robert C. Kellar, *Councilmember*
Marsha A. McLean, *Councilmember*
William Miranda, *Councilmember*

CITY OFFICIALS

Kenneth W. Striplin, Ed.D., *City Manager*
Darren Hernández, *Deputy City Manager*
Carmen Magaña, *Director of Administrative Services*
Frank Oviedo, *Assistant City Manager*
Tom Cole, *Director of Community Development*
Mary Cusick, *City Clerk*
Joseph M. Montes, *City Attorney*

SPECIAL SERVICES

Bond and Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

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

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

Fiscal Consultant
HdL Coren & Cone
Diamond Bar, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado

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* *The City Council of the City of Santa Clarita serves as the Governing Board of the Agency, and City Staff serve as Staff to the Agency.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The 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, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

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

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

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

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

Bond Insurance. Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit H - Specimen Municipal Bond Insurance Policy".

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VICINITY MAP
CITY OF SANTA CLARITA, CALIFORNIA

OFFICIAL STATEMENT

$34,800,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
TAX ALLOCATION REFUNDING BONDS
SERIES 2017

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the appendices, is provided to furnish information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency") of its $34,800,000 Tax Allocation Refunding Bonds, Series 2017 (the "Bonds").

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Section 34177.5(a)(1) of the Health and Safety Code of the State, and 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 (collectively, the "Refunding Law") and an Indenture of Trust, dated as of February 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). See the caption "THE BONDS—Authority for Issuance."

The Bonds are being issued by the Successor Agency to: (i) refund the Prior Agency's (as defined herein) Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) (the "2008 Non-Housing Bonds"), (ii) refund the Prior Agency's Housing Set-Aside Tax Allocation Bonds, Series 2008 (the "2008 Housing Bonds," and together with the 2008 Non-Housing Bonds, the "2008 Bonds"), (iii) purchase a reserve surety to be deposited into the reserve fund for the Bonds, and (iv) pay the costs of issuance for the Bonds, including the premium for a municipal bond insurance policy.

The City, the Prior Agency and the Successor Agency

City. The City is a general law city, incorporated in 1987. The City is located in the Santa Clarita Valley, which is comprised of the communities of Canyon Country, Newhall, Saugus, and Valencia, within Los Angeles County (the "County"), 35 miles northwest of Los Angeles and 40 miles east of the Pacific Ocean. The City encompasses an area of approximately 64 square miles and, as of January 1, 2016, had an estimated population of approximately 219,611. The City operates under a Council Manager form of municipal government. The City Council is comprised of five council members, elected biannually at large to four-year staggered terms. The City provides general government services either with its own employees or through contracts. See Appendix G for further information with respect to the City.

Prior Agency. The Redevelopment Agency of the City of Santa Clarita (the "Prior Agency") was activated by the City Council of the City on November 28, 1989 pursuant to the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the "Redevelopment Law"). At the time of its establishment, the City Council declared itself to be the governing board of the Prior Agency.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231

(December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27 and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012, and as amended on September 22, 2015 by Senate Bill 107 ("SB 107") (as further amended from time to time, the "Dissolution Act").

On January 24, 2012, pursuant to Resolution No. 12-3 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Prior Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities will not merge, and that the liabilities of the Prior Agency will not be transferred to the City nor will the assets of the Prior Agency become assets of the City.

The Redevelopment Plan

The City Council adopted Ordinance No. 97-12 on July 8, 1997, which adopted the redevelopment plan (the "Redevelopment Plan") for the single project area within the Prior Agency known as the "Newhall Redevelopment Project Area" (the "Project Area"). The Project Area is approximately 913.6 acres in size and consists of a single, very irregularly-shaped area within the City. The Project Area is located between Interstate 5 and State Highway 14 and includes the commercial corridors along Lyons Avenue and San Fernando Road. The Project Area is generally bounded on the west by Interstate 5, on the east by State Highway 14 and on the north by the intersection of Newhall Avenue and Magic Mountain Parkway. The Project Area extends approximately four blocks to the east and west of San Fernando Road between its intersection with Lyons Avenue and its intersection with 16th Street. It also includes a large area on the north side of San Fernando Road between its intersections with Lyons Avenue and with Pine Street. Large areas that are beyond the immediate San Fernando Road corridor exist southeast of the intersection with Pine Street and at the intersection with State Highway 14. Several areas that extend beyond the immediate Lyons Avenue corridor exist near the intersection with Valley Street and near the Lyons Avenue intersection with Interstate 5.

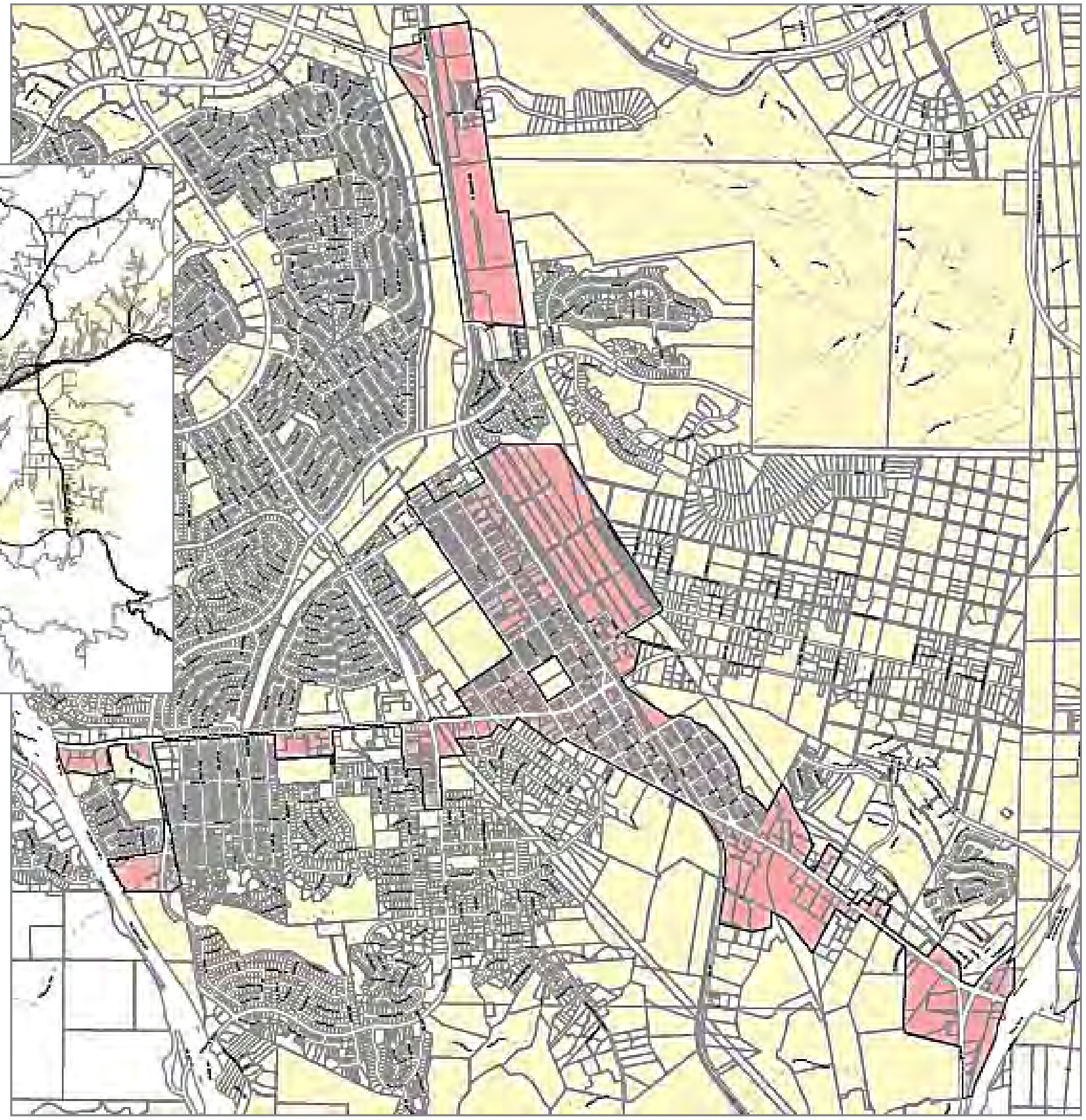
For more information on the Project Area, see the caption "THE PROJECT AREA."

The total assessed valuation of taxable property in the Project Area for fiscal year 2016-17 is estimated to be $652,161,528, and the corresponding incremental assessed valuation of the taxable property over the base year for the Project Area is estimated to be $388,055,314. See Table 3 under "THE PROJECT AREA—Historical Assessed Values" for historical assessed values of the taxable property within the Project Area. See "THE PROJECT AREA" and APPENDIX F—"FISCAL CONSULTANT'S REPORT.

A map of the Project Area is shown on the following page.

MAP OF NEWHALL REDEVELOPMENT PROJECT AREA

Project Area



City Map

**Shaded Red Area Represents Parcels within the Project Area Boundary*
**Shaded Yellow Represents City Boundary*

Tax Allocation Financing

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

Authority to Issue Refunding Bonds

The Dissolution Act authorizes refunding 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. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act, less unsubordinated Statutory Pass-Through Amounts (as such term is defined herein), if any. See the caption "SECURITY FOR THE BONDS—Pledged Tax Revenues."

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

Security for the Bonds

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund") pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See Appendix A and the caption "DISSOLUTION ACT—Recognized Obligation Payment Schedule."

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

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the "Oversight Board") and the California Department of Finance (the "DOF"). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

In accordance with the Dissolution Act, "Pledged Tax Revenues" are defined under the Indenture as the portion of the moneys available for deposit into or deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to Section 34172(c) of the Dissolution Act, as provided in Section 34183(a)(2) of the Dissolution Act, that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Bonds, less (i) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, and (ii) Statutory Pass-Through Amounts, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Pledged Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution.

The Bonds are payable from and secured by the Pledged Tax Revenues to be derived from the Project Area and a portion of the moneys in the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to the Dissolution Act. The Bonds are also payable from and secured by all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, and the Redemption Account therein) and the Reserve Fund established and held by the Trustee under the Indenture.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent that they constitute Pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the 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 the caption "DISSOLUTION ACT—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

Parity Bonds

The Successor Agency may issue additional parity obligations (only for the purpose of refunding outstanding parity obligations) in accordance with the provisions of the Indenture. See the caption "SECURITY FOR THE BONDS—Parity Bonds."

Bond Insurance

The scheduled payment of principal of and interest on the Bonds maturing on October 1 of the years 2022 through 2037, inclusive, and 2042 (the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy (the "Policy"), to be issued by Assured Guaranty Municipal Corp. ("AGM" or "Insurer") simultaneously with the issuance of the Bonds. See "BOND INSURANCE."

The Bonds maturing on October 1 of the years 2017 through 2021, inclusive (the "Uninsured Bonds"), will not be covered by the Policy.

In addition, AGM has made a commitment to issue a municipal bond insurance policy for the Reserve Fund (the "Reserve Policy") in an amount equal to the initial Reserve Requirement for the benefit of the Insured Bonds and the Uninsured Bonds. See "SECURITY FOR THE BONDS—Reserve Fund."

Reserve Fund

The Indenture establishes a debt service reserve fund (the "Reserve Fund") for the Bonds. The Reserve Policy in an amount equal to the initial Reserve Requirement, as defined in the Indenture, will be deposited in the Reserve Fund in lieu of a cash deposit therein. See the caption "SECURITY FOR THE BONDS—Reserve Fund."

The Successor Agency is not obligated: (i) to make any additional deposits into the Reserve Fund in the event that the Insurer defaults on its obligation to make payments under the Reserve Policy; or (ii) to replace the Reserve Policy in the event of a rating downgrade or the withdrawal of a rating of the Insurer.

Further Information

Brief descriptions of the Bonds, the Indenture, the Successor Agency, the Prior Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Refunding Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Prior Agency, the Successor Agency and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Successor Agency. During the period of the offering of the Bonds, copies of the forms of all documents are available from the City Clerk's office, City of Santa Clarita, 23920 Valencia Boulevard, Santa Clarita, California 91355.

REFUNDING PLAN

The Successor Agency plans to apply the proceeds of the Bonds, together with other funds on hand to refund the 2008 Non-Housing Bonds and the 2008 Housing Bonds on October 1, 2018.

Under an Escrow Agreement, dated as of February 1, 2017 (the "Escrow Agreement"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), the Successor Agency will direct a portion of the proceeds of the Bonds to be delivered to the Escrow Bank for deposit in the applicable escrow fund established under the Escrow Agreement (each, an "Escrow Fund" and collectively, the "Escrow Funds"). Such amounts, together with amounts deposited in the Escrow Funds from certain funds and accounts established in connection with the 2008 Non-Housing Bonds and the 2008 Housing Bonds, will be invested in escrow securities as described in the Escrow Agreement or held uninvested as cash. The escrow securities will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide funds (together with any cash deposit in the applicable Escrow Fund) sufficient to pay: (a) the regularly scheduled payments of principal and interest on the 2008 Non-Housing Bonds and the 2008 Housing Bonds through October 1, 2018; and (b) the redemption price of the 2008 Non-Housing Bonds and the 2008 Housing Bonds on October 1, 2018.

Sufficiency of the deposits in the Escrow Funds for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the 2008 Non-Housing Bonds and the 2008 Housing Bonds will be defeased in accordance with their provisions as of the date of issuance of the Bonds.

The amounts held by the Escrow Bank in each Escrow Fund are pledged solely to the refunding of the 2008 Non-Housing Bonds and the 2008 Housing Bonds, respectively. Neither the moneys deposited in the Escrow Funds nor any interest on the invested moneys will be available for the payments of principal of and interest on the Bonds. See the caption "CONCLUDING INFORMATION—Verification of Mathematical Computations."

SOURCES AND USES OF FUNDS

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

Sources[1]**:**	
Principal Amount of Bonds	$34,800,000
Successor Agency Contribution[2]	2,302,914
Plus Original Issue Premium	861,893
Total Sources	$37,964,807
Uses[1]**:**	
2008 Non-Housing Bonds Escrow Fund	$28,145,670
2008 Housing Bonds Escrow Fund	8,357,448
Interest Account of the Debt Service Fund	475,930
Reserve Policy Premium	49,905
Bond Insurance Policy Premium	494,629
Costs of Issuance[3]	441,225
Total Uses	$37,964,807

(1) Rounded to nearest dollar.
(2) Reflects moneys held in funds and accounts established in connection with the 2008 Non-Housing Bonds and the 2008 Housing Bonds, including deposits from the RPTTF through January 6, 2017.
(3) Includes fees and expenses of Bond Counsel, Disclosure Counsel, Financial Advisor, Trustee, Escrow Bank and Verification Agent, printing expenses, rating agency fees, Underwriters' discount and other miscellaneous costs.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law and the Dissolution Act. The issuance of the Bonds and the Indenture was authorized by the Successor Agency pursuant to a resolution adopted on September 13, 2016 (the "Resolution"), and by the Oversight Board for the Successor Agency pursuant to a resolution adopted on September 15, 2016 (the "Oversight Board Action").

Written notice of the Oversight Board Action was provided to the State Department of Finance (the "DOF") in accordance with the Dissolution Act. On October 14, 2016, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Action approving the Bonds is approved by the DOF.

Description of the Bonds

The Bonds will be issued in fully-registered form, without coupons, in integral multiples of $5,000 for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See the caption "—Book-Entry System." The Bonds will be dated the date of issuance and mature on October 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside front cover page of this Official Statement, payable semiannually on April 1, 2017 and each April 1 and October 1 thereafter, by check mailed to the registered owners thereof or upon the request of the Owners of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which is designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least $1,000,000 in principal amount of Bonds received by the Trustee at least 15 days prior to such Regular Record Date, payment will be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office. Both the principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America. Interest will be calculated based upon a 360-day year of twelve thirty-day months. "Regular Record Date" means the fifteenth calendar day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

Each Bond will be initially dated as of the Delivery Date and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless: (a) it is authenticated after a Regular Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before March 15, 2017, in which event it will bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix C for further information relating to DTC and the book-entry system.

Redemption

Optional Redemption. The Bonds maturing on or after October 1, 2027 will be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after October 1, 2026, in any order deemed reasonable by the Successor Agency, and by lot within a maturity, from any available source of funds at the option of the Successor Agency, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Successor Agency will give the Trustee written notice of its intention to optionally redeem the Bonds, and the principal amount of each maturity to be redeemed in sufficient time to enable the Trustee to give notice of such redemption in accordance with the notice requirements under the Indenture. See the caption "—Notice of Redemption" below.

Mandatory Sinking Account Redemption. The Bonds maturing on October 1, 2042 are subject to redemption in part by lot on October 1 in each year shown below until maturity, from sinking account payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of the Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of $5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee).

Redemption Date (October 1)	***Redemption Amount***
2038	$1,775,000
2039	1,845,000
2040	1,915,000
2041	1,995,000
2042 (maturity)	2,075,000

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

Notice of Redemption

The Trustee on behalf and at the expense of the Successor Agency will mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither the Successor Agency nor the Trustee have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Successor Agency nor the Trustee will be liable for any inaccuracy in such numbers.

If at the time of mailing of any notice of optional redemption there have not been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice will state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

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

Annual Debt Service

Set forth below is the annualized debt service for the term of the Bonds.

Bond Year Ending (October 1)	*Principal*	*Interest*	*Total*
2017	$ 820,000.00	$ 837,176.78	$ 1,657,176.78
2018	800,000.00	1,366,093.76	2,166,093.76
2019	820,000.00	1,342,093.76	2,162,093.76
2020	850,000.00	1,309,293.76	2,159,293.76
2021	895,000.00	1,266,793.76	2,161,793.76
2022	935,000.00	1,222,043.76	2,157,043.76
2023	985,000.00	1,175,293.76	2,160,293.76
2024	1,030,000.00	1,126,043.76	2,156,043.76
2025	1,090,000.00	1,074,543.76	2,164,543.76
2026	1,140,000.00	1,020,043.76	2,160,043.76
2027	1,195,000.00	963,043.76	2,158,043.76
2028	1,235,000.00	927,193.76	2,162,193.76
2029	1,275,000.00	888,600.02	2,163,600.02
2030	1,335,000.00	824,850.02	2,159,850.02
2031	1,390,000.00	779,793.76	2,169,793.76
2032	1,430,000.00	731,143.76	2,161,143.76
2033	1,480,000.00	679,306.26	2,159,306.26
2034	1,535,000.00	625,656.26	2,160,656.26
2035	1,585,000.00	570,012.50	2,155,012.50
2036	1,650,000.00	510,575.00	2,160,575.00
2037	1,720,000.00	448,700.00	2,168,700.00
2038	1,775,000.00	384,200.00	2,159,200.00
2039	1,845,000.00	313,200.00	2,158,200.00
2040	1,915,000.00	239,400.00	2,154,400.00
2041	1,995,000.00	162,800.00	2,157,800.00
2042	2,075,000.00	83,000.00	2,158,000.00
Total	$34,800,000.00	$20,870,895.72	$55,670,895.72

DISSOLUTION ACT

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See Appendix A and the caption "—Recognized Obligation Payment Schedule."

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

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

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

(b) To the Prior Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion will be allocated to, and when collected will be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit following the Delivery Date, when collected will be paid into a special fund of the Prior Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Prior Agency or the Successor Agency to finance or refinance the redevelopment projects of the Prior Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller (as discussed under the caption "PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs"), constitutes the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

In addition, pursuant to section 34187 of the Dissolution Act, funds associated with retired enforceable obligations are required to be reallocated to taxing agencies as regular property taxes and not deposited into the Redevelopment Property Tax Trust Fund for the Successor Agency at all (however, section 34187(a)(2) of the Dissolution Act provides for retention of funds by the Successor Agency to the extent needed for payment of enforceable obligations upon authorization by the DOF).

Recognized Obligation Payment Schedule

Submission of Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a recognized obligation payment schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2016, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2016 through June 30, 2017.

In addition, commencing on September 22, 2015, successor agencies that have 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 yet determined if it will file a Last and Final Recognized Obligation Payment Schedule.

Payment of Amounts Listed on the 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 the indenture or similar documents governing the issuance of the outstanding bonds of a former redevelopment agency, as well as other obligations, such as loans, judgments or settlements against a former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by 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 half of the calendar year.

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance (successor agencies are entitled to receive not less than $250,000, unless that amount is reduced by the oversight board); (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund. Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in section 34183 of the Dissolution Act:

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act, if any (as described above under "SECURITY FOR THE BONDS— Statutory Pass-Through Amounts") and no later than each January 2 and June 1, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

Failure to Submit a Recognized Obligation Payment Schedule. There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board, the County Auditor-Controller and the DOF on or before each February 1 commencing February 1, 2016 (unless the Successor Agency submits and obtains approval from the DOF of a Last and Final Recognized Obligation Payment Schedule), then the Successor Agency will be subject to a $10,000 per day civil penalty for every day the schedule is not submitted to the DOF. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules" for discussion regarding submission of Last and Final Recognized Obligation Payment Schedule. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF within 10 days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

See Table 8 — "RPTTF Deposits" for a description of Recognized Obligation Payment Schedule deposits for Fiscal Years 2011-12 through 2015-16.

SECURITY FOR THE BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the California Health and Safety Code, including *inter alia* Health and Safety Code Sections 34183 and 34170.5(b). The Bonds are payable from and secured by the Pledged Tax Revenues to be derived from the Redevelopment Project consisting of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

Pledge Under the Indenture

Except as described under the heading "SECURITY FOR THE BONDS—Flow of Funds Under the Indenture" below and as required to compensate or indemnify the Trustee, the Bonds are equally secured by a pledge of and lien on all Pledged Tax Revenues and all of the moneys in the Redevelopment Obligation Retirement Fund and the Debt Service Fund. The Bonds shall be equally payable from and secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund, the Redevelopment Obligation Retirement Fund or by the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and in the Reserve Fund to the Trustee for the benefit of the Owners of the Bonds, on a parity with the first pledge of and lien thereon of the Parity Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties 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.

In consideration of the acceptance of the Bonds by purchasers of the Bonds, the Indenture is deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of 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 are 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.

Pledged Tax Revenues

"Pledged Tax Revenues" are defined under the Indenture as the portion of the moneys available for deposit into or deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to Section 34172(c) of the Dissolution Act, as provided in Section 34183(a)(2) of the Dissolution Act, that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Bonds, less (i) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, and (ii) Statutory Pass-Through Amounts, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Pledged Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution. **The Successor Agency has taken all actions necessary under the Redevelopment Law and the Dissolution Act to subordinate its obligations to pay Statutory Pass-Through Amounts to the taxing agencies to its obligation to repay the Bonds.**

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

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of 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. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

Elimination of Housing Set-Aside

Before it was amended by the Dissolution Act, the Redevelopment Law required the Prior Agency to set aside not less than 20% of all tax increment generated in the Redevelopment Project into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "Housing Set-Aside."

The Dissolution Act eliminated the Housing Set-Aside requirement. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated due diligence review. The amounts found to be unencumbered through this due diligence review have been paid to the County and these funds have been allocated to the taxing entities within the Redevelopment Project.

Since a deduction for the Housing Set-Aside is no longer required, amounts that were previously required to be deposited in the housing fund are now included in Pledged Tax Revenues.

Statutory Pass-Through Amounts

Under Sections 33607.5 and 33607.7 of the Redevelopment Law and Section 34183 of the Dissolution Act, certain amounts in the Redevelopment Project Tax Trust Fund (the "Statutory Pass-Through Amounts") are to be paid to the affected taxing agencies, and have a senior lien on property tax revenues generated from the Redevelopment Project. However, the Redevelopment Law allows for the Successor Agency to subordinate the Statutory Pass-Through Amounts to the payment of debt service on the Bonds, if the Successor Agency reasonably expects to have sufficient funds to pay both the debt service on the Bonds and the Statutory Pass-Through Amounts. Affected taxing agencies with jurisdictions within the Redevelopment Project include, among other public agencies, the following: Los Angeles County General Fund, Consolidated Fire Protection District and County Forester/Fire Warden, County Flood Control District, County Vector Control District, County Sanitation District No. 32 Operating Unit, Castaic Lake Water Agency, Newhall County Water District, County Office of Education, Newhall School District, Saugus Union School District, William S. Hart Union High School District, College of the Canyons Community College District and the City.

A redevelopment agency's obligations to make Statutory Pass-Through Amounts are not subordinate to the redevelopment agency's obligations with respect to the agency's loans or bonds unless the incurrence of such debt satisfies certain conditions and the affected taxing entity does not object to the subordination on grounds permitted by Section 33607.5. The Successor Agency has taken all actions necessary under the Redevelopment Law and the Dissolution Act to subordinate its obligations to pay Statutory Pass-Through Amounts to the taxing agencies to its obligation to repay the Bonds.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund and the Reserve Fund (each as described below), if necessary until such time that the aggregate amounts on deposit in such Debt Service Fund and the Reserve Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Fund in such Bond Year pursuant to the Indenture, for amounts, if any, due and owing to AGM under the Policy and the Reserve Policy, and for deposit in such Bond Year in the funds and accounts (including any reserve fund) established with respect to Parity Bonds, as provided in any Supplemental Indenture.

Deposit of Amounts by Trustee. There is established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee under the Indenture in trust. Moneys in the Debt Service Fund are to be transferred by the Trustee in the following amounts, at the following times, for deposit in the following respective accounts, which are established with the Trustee in the Debt Service Fund, and for deposit to the Reserve Fund, and in the following order of priority:

> *Interest Account*. On or before the 5th Business Day preceding each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment 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 next succeeding Interest Payment Date upon all of the Outstanding Bonds. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).
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> *Principal Account and Sinking Account*. On or before the 5th Business Day preceding each Interest Payment Date on which principal on the Bonds is due, beginning October 1, 2017, the Trustee will withdraw from the Debt Service Fund and transfer to the Principal Account an amount equal to the principal payments becoming due and payable on Outstanding Bonds on such October 1, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on such October 1 on all Outstanding Bonds. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds as it becomes due and payable.
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> On or before the 5th Business Day preceding each Sinking Account Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the Sinking Account to redeem Bonds pursuant to the sinking fund redemption provisions of the Indenture.
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> *Reserve Fund*. In the event the moneys on deposit in the Debt Service Fund five (5) Business Days before any Interest Payment Date are less than the full amount of the interest, principal and sinking account payments required to be deposited, the Trustee will, five (5) Business Days before such Interest Payment Date, withdraw from the Reserve Fund an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal.
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> Promptly upon receipt of any such notice, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Reserve Fund an amount necessary to increase the amount in the Reserve Fund (including any amount required to replenish a draw under the Reserve Policy and any reserve fund for any Parity Bonds) to the

amount of the then Reserve Requirement. If there is not sufficient moneys in the Redevelopment Obligation Retirement Fund to make any such transfer, the Successor Agency will have an obligation to continue making transfers of Pledged Tax Revenues into the Debt Service Fund, as such revenues become available, and thereafter, as moneys become available in the Debt Service Fund, the Trustee will make transfers to the Reserve Fund and any reserve fund for any Parity Bonds) until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Fund and any reserve fund for any Parity Bonds. No such transfer and deposit need be made to the Reserve Fund so long as there is on deposit in such fund a sum at least equal to the Reserve Requirement for the Bonds.

Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are to be redeemed, the Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Bonds (other than Bonds redeemed from Sinking Account Installment) to be redeemed on such date. Subject to this Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Bonds to be redeemed on the date set for such redemption.

Reserve Fund

Initial Deposit into the Reserve Fund. On the date of issuance of the Bonds, in lieu of a cash deposit to the Reserve Fund, AGM will issue the Reserve Policy to be held by the Trustee for the benefit of the Reserve Fund, in an amount equal to the initial "Reserve Requirement" for the Bonds

Definition of Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of any date of calculation, an amount equal to the lesser of (i) 10% of the issue price (within the meaning of Section 148 of the Code) of the Bonds; (ii) 125% of the average Annual Debt Service on the Bonds for that and every subsequent Bond Year; or (iii) the Maximum Annual Debt Service on the Bonds.

Relationship to Parity Bonds. The Reserve Fund shall be held by the Trustee in trust solely for the benefit of the Owners of the Bonds and will not be available to secure Parity Bonds.

Use of Moneys in the Reserve Fund. Subject to the provisions of the Indenture, all money in the Reserve Fund will 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, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Fund in excess of the Reserve Requirement will be withdrawn from the Reserve Fund semiannually on or before the 5th Business Day preceding April 1 and October 1 by the Trustee and deposited in the Interest Account.

All amounts in the Reserve Fund on the 5th Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Fund and will be transferred either (i) to the Interest Account, the Principal Account and the Sinking Account, in such order, to the extent required to make the deposits then required to be made or, (ii) if the Successor Agency shall have caused to be deposited with the Trustee an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Successor Agency such amount shall be transferred as directed by the Successor Agency. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

Dissolution Act Covenant by the Successor Agency

The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act, including with respect to the timely filing of each Recognized Obligation Payment Schedule. Pursuant to section 34177 of the Dissolution Act as modified by passage of Senate Bill 107, by February 1 of each year the Successor Agency shall submit to the Department of Finance, a Recognized Obligation Payment Schedule that has been approved by the Oversight Board. More specifically, prior to each February 1, the Successor Agency has covenanted to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller, which shall include all scheduled interest, principal and mandatory sinking fund payments that are due and payable on all Bonds and Parity Bonds of the Successor Agency during the next ensuing calendar year, together with any amount required to replenish the Reserve Fund, and any amounts due and owing to the Insurer under the Indenture and the Reserve Policy. If, on January 2 of any year, the amount remitted by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund is less than the full amount specified in the preceding paragraph, then not later than February 1 of such year, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller, which shall include the balance due for remittance on June 1 of such year.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see “RISK FACTORS”).

Limited Obligation

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency is liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member, officer, agent or employee of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personal liable for the payment of the principal of or interest or redemption premium (if any) on the Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

County Administrative Fees

Chapter 466, Statutes of 1990 (referred to as SB 2557), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. Section 34182(a)(3) of the California Health and Safety Code also provides for recovery of county costs in connection with performing duties related to the dissolution of redevelopment agencies. The actual fiscal year 2015-16 charges for the Successor Agency equate to 1.33% of gross Redevelopment Property Tax Trust Fund revenues. The Fiscal Consultant’s projections included assume that the County administrative costs will continue to be charged at approximately 1.33% of gross revenue in subsequent fiscal years.

For purposes of showing debt service coverage, the Fiscal Consultant has assumed that the County administrative fees are senior to the Successor Agency’s pledge of Pledged Tax Revenues to its obligation to make debt service payments on the Bonds.

Other Obligations

The Successor Agency has various other obligations, not secured by a pledge of the Pledged Tax Revenues, which are not described in this Official Statement and not included in any way in the projections of Pledged Tax Revenues in this Official Statement. All payment obligations of the Successor Agency must be listed on the Successor Agency’s Recognized Obligation Payment Schedule for the six-month period during which such payments are made.

Parity Bonds

"Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Successor Agency and payable from Pledged Tax Revenues on a parity with the Bonds, as authorized by the Indenture. The Indenture permits the issuance of Parity Bonds in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee and solely for the purpose of refunding the Bonds as permitted under the Dissolution Act, including without limitation Section 34177.5 thereof, the Redevelopment Law or the Refunding Law. The Successor Agency may issue or incur such Parity Bonds subject to the following specific conditions precedent set forth in the Indenture:

(a) The Successor Agency must be in compliance with all covenants set forth in the Indenture;

(b) The Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with the Indenture, and (ii) the deposit of moneys into an account of the Reserve Fund or separate reserve fund securing such Parity Bonds in an amount equal to the reserve requirement provided for in the Supplemental Indenture or authorizing document relating to such Parity Bonds to the extent permitted pursuant to the Code;

(c) The Parity Bonds must mature on and interest must be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Bonds until the next succeeding April 1 or October 1); provided, however, that the Successor Agency may issue and sell Parity Bonds which do not pay current interest.

(d) When bonds are issued to provide savings to the Successor Agency pursuant to Section 34177.5(a)(1) of the Dissolution Act, the following constraints apply to the size of the financing: (i) the total interest cost to maturity on the refunding bonds or indebtedness plus the principal amount of the refunding bonds or other indebtedness may not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or the indebtedness will not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on October 1 of the years 2022 through 2037, inclusive, and 2042 (the "Insured Bonds"). 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.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM. At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,891 million and its net unearned premium reserve was approximately $1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE".

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

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

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

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

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

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. The Los Angeles County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the Teeter Plan. See Table 5 herein.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. 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. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. If a change in ownership results in a decrease in assessed value, a negative supplemental assessment may occur requiring a refund of taxes paid to the property owner. To the extent such supplemental assessments occur within the Redevelopment Project, tax increment may increase or decrease. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Pledged Tax Revenues. See Appendix F.

Property Tax Collection and Administrative Costs. Senate Bill 2557 (Chapter 466, Statutes of 1990) allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. Senate Bill 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing Senate Bill 1559 amounts, to be deducted from property tax revenues *before* moneys are deposited into the Redevelopment Property Tax Trust Fund. For fiscal year 2015-16, the County charges were 1.33% of gross tax increment within the Redevelopment Project. Based on the collection charges for fiscal year 2015-16, the Fiscal Consultant projected the charge for fiscal year 2016-17 as a percentage of gross tax increment to remain at 1.33%. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds, the Fiscal Consultant assumed that the County will continue to charge the Successor Agency for property tax collection and administration and that such charge will increase proportionally with any increases in revenue.

Prior to dissolution of redevelopment agencies, the County disbursed secured tax increment revenue to all redevelopment agencies from November through August with approximately 35% of secured revenues apportioned by the end of December and a total of 75% of the secured revenues by the end of the following April. Unsecured revenues are disbursed from October through August of each fiscal year with approximately 95% of the unsecured revenues being apportioned in October. The Los Angeles County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the alternative allocation method known as the "Teeter Plan." The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by Los Angeles County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26. Revenue is now apportioned to successor agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the Redevelopment Property Tax Trust Fund for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the Redevelopment Property Tax Trust Fund for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct unsubordinated amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Redevelopment Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Redevelopment Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the former redevelopment agency.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the Redevelopment Property Tax Trust Fund. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved Recognized Obligation Payment Schedule obligations, the Successor Agency's administrative allowance will be reduced or eliminated. The Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of Redevelopment Property Tax Trust Fund revenue will be carried over to the next Redevelopment Property Tax Trust Fund allocation for payment as funds become available. As a result of passage of SB 107, commencing July 1, 2016, the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and City loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total Redevelopment Property Tax Trust Fund amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total Redevelopment Property Tax Trust Fund amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts.

If there are Redevelopment Property Tax Trust Fund amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements or statutory tax sharing obligations, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to taxing entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval annually, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is 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 for the next two property tax distribution dates. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the first property tax distribution date to which the Recognized Obligation Payment Schedule is applicable. See the captions "DISSOLUTION ACT—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county- wide as follows: (a) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (b) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (c) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a project area. Consequently, the base year values of project areas are reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated a total of $11,168 of unitary revenues to the Successor Agency from the Redevelopment Project for fiscal year 2015-16. For purposes of the Fiscal Consultant's projection of Pledged Tax Revenues available to pay debt service on the Bonds, the Fiscal Consultant assumed that the amount of unitary revenue allocated for fiscal year 2015-16 will continue to be allocated to the Redevelopment Project in the same amount for the life of the projection. See Appendix F.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIIIA to the State Constitution. Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

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

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

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

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

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

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

Each year the Board of Equalization 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. The changes in the California Consumer Price Index ("CCPI") from October of one year to October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 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 negative 0.237% and this resulted in reductions to the adjusted base year value of parcels.

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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
2017-18	2.000

On December 13, 2016, the Board determined that the inflationary adjustment for fiscal year 2017-18 will be 2.00%. For purposes of the projection of Pledged Tax Revenues, the Fiscal Consultant has assumed that the inflation adjustment factor for fiscal year 2018-19 and future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 32 of the 41 years since the adoption of Proposition 13.

Appropriations Limitation – Article XIIIB

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIIIB to the State Constitution. Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978-79 State fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

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

Articles XIIIC and XIIID of the State Constitution

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

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (other than the Prior 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. SB 107 amended Section 34183(a)(1) of the Dissolution Act to provide 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.

The Castaic Lake Water Agency levies an override tax rate that received voter approval prior to January 1, 1989. The Castaic Lake Water Agency is a State Water Contractor as defined in Section 33607.8 of the Redevelopment Law and the revenue from the water agency's override rate is used to purchase water from the California Water Project. Prior to the dissolution of redevelopment agencies, revenue derived from this override tax rate was received by the Successor Agency but was subject to being passed through to said water agency. With the passage of SB 107, the revenue generated by the Castaic Lake Water Agency state water contract override tax rate will be allocated directly to Castaic Lake Water Agency because these revenues were not pledged to the payment of debt service nor needed for debt service on Successor Agency obligations.

Redevelopment Time Limits

Chapter 942, Statutes of 1993, established limits on redevelopment plans, such as the Redevelopment Plan, adopted after December 31, 1993. These limits included a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time.

SB 107 amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the maximum amount of property tax revenues that may be received by the Successor Agency for the Project Area are not effective for purposes of paying the Successor Agency's enforceable obligations. As a result, the time and amount limits with respect to property tax revenues described under the caption "THE PROJECT AREA—General" will be disregarded to the extent that property tax revenues are required to pay debt service on the Bonds.

Appeals of Assessed Values and Proposition 8

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

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See the caption "THE PROJECT AREA—Largest Taxpayers" for information regarding the assessed valuations of the top ten property owners within the Project Area. See the caption "THE PROJECT AREA—Appeals" for information regarding pending property tax appeals in the Project Area.

If all pending assessed valuation appeals in the Project Area are granted and assessed valuations reduced by the historical average percentage (65.08%) reduction of the full amount that the appellants seek (approximately $128,991,780), taxable values in the Project Area would be reduced by approximately $65,402,955. This estimated reduction of value has been factored into the Pledged Tax Revenues for fiscal year 2017-18 as more fully described in the Fiscal Consultant's report set forth in Appendix F.

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

After such reductions in value are implemented, the County Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the California 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. Reductions made under Proposition 8 to residential properties are normally initiated by the County Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

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

The Successor Agency is aware that the County Assessor made such reductions to assessed values of residential and non-residential property in the Project Area and the City generally in recent Fiscal Years, a portion of which reductions have now been restored. The Fiscal Consultant's report set forth in Appendix F also does not assume future reductions in assessed valuations as a result of Proposition 8. However, there can be no assurance that such reductions will not be made in the future. The Successor Agency does not believe that any such reductions will have a material adverse impact on Pledged Tax Revenues or the Successor Agency's ability to pay debt service on the Bonds. However, additional reductions in assessed value due to current or future economic conditions in the Project Area could impact the receipt of Pledged Tax Revenues as projected in Appendix F. See the caption "THE PROJECT AREA—Appeals."

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass

New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. Pledged Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

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

THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA

The Prior Agency was activated by the City Council of the City on November 28, 1989. The City Council adopted the Redevelopment Plan establishing the Project Area by Ordinance No. 97-12 on July 8, 1997 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 24, 2012, pursuant to Resolution No. 12-3 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Prior Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that: (i) the Successor Agency is a separate public entity from the City; (ii) the two entities will not merge; (iii) the liabilities of the Prior Agency will not be transferred to the City; and (iv) the assets of the Prior Agency will not become assets of the City.

The Successor Agency is governed by a five-member Board of Directors (the "Board") which consists of the members of the City Council of the City. The Mayor acts as the Chair of the Board, the City Manager as its Executive Director and the City Clerk as its Secretary.

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Prior Successor Agency, but the Successor Agency has no legal authority to participate in redevelopment activities except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Prior Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Due Diligence Reviews

In accordance with the requirements of the Dissolution Act, the Successor Agency retained independent accountants to conduct two reviews, known as due diligence reviews (each, a "DDR"): one for the

Low and Moderate Income 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 Low and Moderate Income Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to taxing agencies.

The DOF issued its final determinations regarding the Successor Agency's DDR for the Other Funds and the Low and Moderate Income Housing Fund on March 8, 2013 and January 11, 2013, respectively, having determined that the Successor Agency's Unobligated Balance available for distribution to the taxing agencies was $0 for the Other Funds and $451,742 for the Housing Fund. The Successor Agency has remitted such sums to the County Auditor-Controller and the DOF issued a "Finding of Completion" to the Successor Agency on June 20, 2013. The Finding of Completion enables the Successor Agency to proceed with certain actions permitted under the Dissolution Act.

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

The Successor Agency submitted its Long Range Property Management Plan to DOF on December 19, 2013. After SB 107 was chaptered with provision for a Successor Agency to amend its Long Range Property Management Plan one time to allow for retention of properties that constitute parking facilities and lots dedicated solely to public parking for government purposes, the Successor Agency submitted a revised Long Range Property Management Plan on December 14, 2015, which was approved by the DOF on January 28, 2016.

Pursuant to an Asset Transfer Review Report dated February 24, 2014, the State Controller's office found that the City should turn over to the Successor Agency $13,864,758 of net unallowable transfers consisting of (i) rent revenues transferred for housing purposes and a parcel of land transferred to the City; (ii) $6,104,268 of Prior Agency bond proceeds transferred to the City for construction of a library for which the DOF and Oversight Board approved the use of these funds for these stated purposes; (iii) a transfer of $7,700,000 for a City loan repayment which the City contends is allowable since the loan repayment constituted at least $5,135,000 of the same City funds loaned to the Prior Agency due to projects to be financed with such funds being placed on hold during the economic downturn. The disputed amount of $7,700,000 is a contingent liability of the City and contingent receivable for the Successor Agency. No further action or follow-up by the State Controller's office has been received by the Successor Agency with respect to the Asset Transfer Review Report.

THE PROJECT AREA

General

The City Council adopted Ordinance No. 97-12 on July 8, 1997, which adopted the Redevelopment Plan. The overall objective of the Redevelopment Plan is to eliminate blighted conditions in the Project Area by undertaking all appropriate projects pursuant to the Redevelopment Law. The general objective is to encourage investment in the Project Area by the private sector, to eliminate blighted conditions and to upgrade the quality of the community. The Redevelopment Plan provides for the acquisition of property, the demolition of buildings and improvements, the relocation of any displaced occupants, and the construction of streets, parking facilities, utilities and other public improvements. The Redevelopment Plan also allows the redevelopment of land by private enterprise, the rehabilitation of structures, the rehabilitation or construction of low and moderate income housing, and participation by owners and the tenants of properties in the Redevelopment Project.

The Project Area is approximately 913.6 acres in size and consists of a single, very irregularly-shaped area within the City. The Project Area is located between Interstate 5 and State Highway 14 and includes the commercial corridors along Lyons Avenue and San Fernando Road. The Project Area is generally bounded on the west by Interstate 5, on the east by State Highway 14 and on the north by the intersection of San Fernando Road and Magic Mountain Parkway. The Project Area extends approximately four blocks to the east and west of San Fernando Road between its intersection with Lyons Avenue and its intersection with 16th Street. It also includes a large area on the north side of San Fernando Road between its intersections with Lyons Avenue and with Pine Street. Large areas that are beyond the immediate San Fernando Road corridor exist southeast of the intersection with Pine Street and at the intersection with State Highway 14. Several areas that extend beyond the immediate Lyons Avenue corridor exist near the intersection with Valley Street and near the Lyons Avenue intersection with Interstate 5.

The base year of the Project Area was set in 1996-97. The 1996-97 base year assessed valuation is $266,351,517.

The Prior Agency passed a Specific Plan in December 2005 to transform downtown Newhall into a thriving, mixed-use, pedestrian-oriented urban village with a series of economic engines. The Specific Plan consists of a 20-block downtown served by Metrolink commuter rail, a commercial corridor in downtown, two flanking neighborhoods, and an industrial district. Upon buildout, the Specific Plan will include up to 1,092 new residential units and nearly 1 million square feet of new commercial space. A portion of this growth will be attributed to new development, while some will also include revitalization of existing buildings. A copy of the draft Specific Plan can be viewed at http://www.santa-clarita.com/cityhall/cd/ed/redevelopment/index.asp.

Chapter 942 specified that the effectiveness of a redevelopment plan adopted after 1993 shall expire 30 years from the date of adoption of the Redevelopment Plan. The time limit for establishing indebtedness is 20 years from the date of adoption of the redevelopment plan and the Prior Agency may repay indebtedness for a total of 45 years from the date of the adoption of the redevelopment plan. Any eminent domain proceedings undertaken by the Prior Agency must be initiated within 12 years of the adoption date of the redevelopment plan. The City Council adopted the Redevelopment Plan through Ordinance 97-12 on July 8, 1997 containing the limitations provided in Chapter 942.

Pursuant to Senate Bill 1045 the City Council was allowed to extend the term of the Redevelopment Plan by one year. On May 13, 2008 the City Council adopted and approved Ordinance No. 08-6 extending the expiration date of the redevelopment plan by one year pursuant to Section 33333.2 of the Redevelopment Law. Pursuant to Senate Bill 1096, the City Council was allowed, as described below, to extend the term of effectiveness for certain redevelopment plans and the periods within which the Prior Agency would be allowed to repay indebtedness by up to two additional years. This two-year extension of the time limits was predicated upon the payment by the Prior Agency of its ERAF obligations for 2005 and 2006. The ERAF obligations for 2005 and for 2006 were paid in a timely manner. For project areas that had less than 10 years of plan effectiveness remaining after June 30, 2005 a two-year extension was authorized. For project areas that had more than 10 years and less than 20 years of plan effectiveness remaining after June 30, 2005 a two-year extension was authorized if the City Council could make certain findings. For those project areas with more than 20 years of plan effectiveness remaining after June 30, 2005 no extension of time was authorized. The Redevelopment Plan could not be extended under Senate Bill 1096.

SB 107 implemented a number of revisions to the Health and Safety Code including an amendment to Section 34189 that impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of both annual and cumulative tax increment limits and time limits on repayment of indebtedness for all enforceable obligations (as defined under Health and Safety Code Sections 34171(d)(1) and 34191.4), except in cases where contractual agreements that contain specific terms to terminate payment based on a project area reaching its tax increment and/or time limits. The Auditor Controller has informed the Fiscal Consultant that, in light of the amended Section 34189, the Auditor Controller will not limit the amount of tax increment revenue deposited into the Redevelopment Property Tax Trust Fund due to the time limits or due to the annual tax increment limit contained in the Redevelopment

Plan. Pursuant to SB 107, tax increment revenues will continue to be allocated from the Project Area until such time as all authorized enforceable obligations, including the Bonds, have been repaid.

Land Use

Of the 913.6 acres within the Project Area, 210.8 acres (or 23.07%) are designated as vacant land, and are zoned commercial/industrial. Not all of this acreage may be readily developable The below table summarizes land uses in the Project Area as of State assessment year 2016-17.

TABLE 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
LAND USE SUMMARY

Category	No. Parcels	Assessed Value	% of Total
Residential	716	$270,051,116	41.41%
Commercial	212	206,211,786	31.62%
Industrial	39	45,727,691	7.01%
Vacant Land	165	40,277,034	6.18%
Irrigated	1	185,956	0.03%
Recreational	5	2,894,765	0.44%
Institutional	13	9,337,547	1.43%
Exempt[1]	131	0	0.00%
Subtotal:	**1,282**	**$574,685,895**	**88.12%**
Possessory Interest[2]		3,055,821	0.47%
Unsecured[2]		74,419,812	11.41%
Subtotal:		**$ 77,475,633**	**11.88%**
Totals:	**1,282**	**$652,161,528**	**100.00%**

(1) Exempt category includes parcels exempt from property taxes such as those owned by the City, Successor Agency, State or other governmental agencies.
(2) Unsecured and SBE non-unitary values are connected with parcels that are already accounted for in other categories.

Source: County of Los Angeles 2016-17 Equalized Property Tax Roll, as reported by the Fiscal Consultant.

Statutory Pass-Through Amounts

The Project Area was adopted after January 1, 1994 and is therefore, subject to the Redevelopment Law as it was amended by passage of AB 1290. As amended, the Redevelopment Law requires that for project areas adopted after January 1, 1994, a prescribed portion of tax increment revenue must be shared with all taxing entities within the project area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the project area received tax increment revenue and continues for the life of the project area. This first tier tax-sharing amount is 25% of gross tax increment revenue net of the Housing Set-Aside Revenues.

The second tier began in 2008-09, the eleventh year after the Prior Agency first received tax increment revenue. This second tier is 21% of the tax increment revenue, net of the Housing Set-Aside Revenues, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten.

The third tier payments will begin in 2030-31, the 31st year after the Prior Agency first received tax increment revenue. This third tier is 14% of the tax increment revenue, net of the Housing Set-Aside Revenues that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area.

Section 33607.5(e) of the Redevelopment Law as it existed prior to the dissolution of redevelopment and Section 34177.5(c) of the Dissolution Law specifies a procedure whereby the Successor Agency may request subordination of the statutory tax sharing payments to payment of debt service on the Bonds by all of the Project Area's taxing entities. As part of this request, the Successor Agency must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Bonds as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Successor Agency's financial estimates are incorrect and that the Successor Agency will not be able to make debt service and the tax sharing payments. It is the Successor Agency's belief that sufficient evidence can be provided to warrant subordination of the tax sharing payments and that no later than 45 days from receipt of the notice by the taxing entities, the tax sharing payments will be subordinate to the payment of debt service on the Bonds. The Successor Agency has taken all actions necessary under the Redevelopment Law and the Dissolution Act to subordinate its obligations to pay Statutory Pass-Through Amounts to the taxing agencies to its obligation to repay the Bonds..

The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Prior Agency, as succeeded to by the Successor Agency; (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 Prior 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 for the applicable six month period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

Section 33607.8 of the Redevelopment Law provides that notwithstanding the tax sharing requirements outlined above, the Successor Agency may make payments to a taxing entity that is a state water supply contractor. These payments may not exceed the amounts that the taxing entity would have received from an override tax approved by voters prior to July 1, 1978 absent the existence of the Project Area. In addition, the payments made shall be made for the purpose of funding the payments of the state water supply contractor pursuant to its water supply contract with the Department of Water Resources. The section further stipulates that payments made to the water supply contractor were not to cause any reduction in the statutory tax sharing amounts that are required to be paid to the other taxing entities. The Castaic Lake Water Agency requested and the Successor Agency agreed to make such payments. Because the Castaic Water Agency's revenue from this state water contract tax rate are no longer allocated to the Redevelopment Property Tax Trust Fund, no payments relative to these revenues are required or made.

Tax Rates

Tax rates will vary from area to area within a State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable values and the override tax rate, which is that portion of the tax rate that exceeds the general levy tax rate in order to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13. Revenues associated with the override tax rates have not been included in the projections of the net Tax

Revenues. The projections are effectively based on a 1.0% tax rate. See "APPENDIX F - FISCAL CONSULTANT'S REPORT."

Largest Taxpayers

The following table shows the ten largest taxpayers in the Project Area on the secured roll for the 2016-17 assessment year. The information has been gathered by the Successor Agency, but the accuracy or completeness of such information is not guaranteed by the Successor Agency. See "APPENDIX F – FISCAL CONSULTANT'S REPORT."

TABLE 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
LARGEST TAXPAYERS

Property Owner	Secured Value	Unsecured Value	% of Total Value	% of Inc. Value	Property Use
Time Warner Cable (Charter Comm.)		$43,041,370	6.60%	11.09%	Cable Television/Internet Facilities
Saugus Station LLC	$18,260,394		2.80%	4.71%	Industrial & Warehousing Buildings
Casden Santa Clarita LLC (1) (Devco)	16,904,000		2.59%	4.36%	Vacant Industrial/Commercial Land
Lyons Properties Limited (1)	10,276,022		1.58%	2.65%	Santa Clarita Medical Center/Offices
Telfair Corporation (1)	8,841,991		1.36%	2.28%	Retail Strip Center
David Weiswasser Trust	8,247,025		1.26%	2.13%	Mulberry Mobile Home Park
25805 San Fernando LLC	8,205,360		1.26%	2.11%	Plaza Clarita – Mixed Use Comm.
RFT Sprouts LLC et al	7,854,588		1.20%	2.02%	Walnut Village Apartments
23801 San Fernando Rd Land Co LLC	7,416,673		1.14%	1.91%	Santa Clarita Convalescent Hospital
Peter & Barbara Coeler et al (1)	7,038,158		1.08%	1.81%	Villa La Paz Apartments/Offices
Top Property Owner Total Value		**$136,085,581**	**20.87%**	**35.07%**	
Project Area Assessed Value		**$652,161,528**	**100.00**		
Project Area Incremental Value		**$388,055,314**			

(1) These taxpayers have pending assessment appeals on parcels owned.

Source: Fiscal Consultant's Report.

The ten (10) largest taxpayers own properties whose combined assessed value accounts for approximately 21% of the total assessed valuation of the Project Area and 35% of the incremental value of the Project Area. The following is information about the largest secured taxpayers in the Project Area. The information has been gathered by the City and the Successor Agency from various taxpayers and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by the Successor Agency or the City.

Charter Communications Inc. (formerly Time Warner Cable). The values indicated for Time Warner Cable are for the combined value of the company's underground cable and internet facilities within the entire City. The practice of the Assessor is to aggregate these values and assign the unsecured values to single secured parcel within the City. The values for Time Warner Cable and its predecessor cable companies have been assigned to this parcel in the Project Area since the adoption of the Project Area. Time Warner Cable Inc.

merged with Charter Communications, Inc. in May 2016. Charter Communications, Inc. (NYSE:CHTR) is the second-largest cable operator in the U.S. delivering services to approximately 26 million homes. More information about Charter Communications can be found at www.charter.com. *The foregoing internet address is included for reference only, and the information on this internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

Saugus Station LLC. Saugus Station LLC owns approximately one hundred acres within the Project Area, of which approximately twenty-three acres consist of vacant land. The developed portion of the property consists of over one million square feet of motion picture and sound recording studio storage space within ten buildings. Saugus Station LLC, a Delaware limited liability company, is wholly owned by TMC Properties LLC.

Devco Santa Clarita LLC. Devco Santa Clarita LLC (formerly known as Casden Santa Clarita LLC) ("Devco Santa Clarita") owns 24 parcels within the Project Area consisting of approximately 95 acres of vacant land zoned for commercial and industrial uses. Devco Santa Clarita is a Delaware limited liability company, wholly owned by Devco California LLC, a California limited liability company, whose principal members are Cerberus Partners LP, a division of New York private-equity firm Cerberus Capital Management LP and AIMCO REIT. Devco Santa Clarita has retained Ravello Holdings to process entitlements for the property.

Four tax-defaulted parcels were sold at auction on January 12, 2016 in error. Payment was made on time, but the County Assessor sold such properties due to a clerical error. Devco Santa Clarita is currently working to correct the issue with the County Assessor's office. The County Assessor has refunded three of the four buyers. A rescission of tax deed is in the process of being recorded for the three properties. The remaining sale is pending rescission. The County Assessor has the right to reverse the sale of the fourth property, even if the buyer continues to be uncooperative. Title to the four subject parcels will be restored to the Casden Santa Clarita LLC name.

Ravello Holdings (Ravello), is the entity responsible for getting planning and zoning entitlements. The entitlement and environmental process is anticipated to take two to three years, with building anticipated to take approximately one to two years following entitlement approval. Owners have indicated that an estimated 400 to 450 single-family detached homes and attached townhomes will be proposed with all units to be for-sale units. Ravello submitted its formal development application to the City Planning Department and all planning fees were paid on December 1, 2016.

Property taxes in fiscal year 2013-14 and in fiscal year 2015-16 were delinquent with respect to the subject parcels. According to the Los Angeles County Tax Collector all such parcels are now current on their property taxes. Due to successful assessment appeals, the properties owned by Casden Santa Clarita LLC have declined in value by $61.1 million (-78.34%) since fiscal year 2008-09. See "THE PROJECT AREA – Appeals."

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Historical Assessed Valuations

The following table sets forth a summary of the historical taxable valuation within the Project Area. See APPENDIX F – FISCAL CONSULTANT'S REPORT" for a detailed report from fiscal year 2007-08 to present.

TABLE 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
HISTORICAL AND INCREMENTAL ASSESSED VALUATIONS[1]

	Revised Base Year 2012-13	2012-13	Revised Base Year 2013-14	2013-14	2014-15	2015-16	2016-17
Secured [2]							
Land	119,213,240	322,803,745	119,175,032	327,858,620	344,185,541	314,440,384	326,414,902
Improvements	125,450,197	214,686,716	125,431,865	224,158,005	235,296,919	248,411,443	261,321,551
Personal Prop.	3,392,830	1,933,165	3,392,830	1,935,296	1,834,594	1,800,473	1,805,385
Exemptions	(1,825,751)	(7,016,751)	(1,825,165)	(8,905,512)	(8,950,743)	(7,252,816)	(11,800,122)
Total	**$246,230,516**	**$532,406,875**	**$246,174,562**	**$545,046,409**	**$572,366,311**	**$557,399,484**	**$577,741,716**
Unsecured							
Land	0	0	0	0	0	0	
Improvements	6,557,624	34,353,633	6,557,624	29,032,248	29,680,032	25,613,074	27,678,090
Personal Prop.	11,376,128	46,665,422	11,376,128	42,521,245	40,942,980	43,953,114	46,741,722
Exemptions	(2,100)	(102,000)	(2,100)	(84,500)	(39,500)	(32,500)	0
Total	**17,931,652**	**80,917,055**	**17,931,652**	**71,468,993**	**70,583,512**	**$69,533,688**	**$74,419,812**
Grand Total	**$264,162,168**	**$613,323,930**	**$264,106,214**	**$616,515,402**	**$642,949,823**	**$626,933,172**	**$652,161,528**
Annual Incremental Value		**$349,161,762**		**$352,409,188**	**$378,843,609**	**$362,826,958**	**$388,055,314**
Change in Value from Prior Year		(1,755,321)		3,191,472	26,434,421	(16,016,651)	25,228,356
% Change in Total Value		-0.29%		0.52%	4.29%	-2.49%	4.02%

(1) Assessed Values data provided by the County of Los Angeles.
(2) Except for Fiscal Year 2016-17, secured values include state assessed non-unitary utility property.

Source: Fiscal Consultant's Report.

Between 2007-08 and 2016-17, the taxable value within the Project Area increased by $37,096,933 (6.029%). Assessed values decreased in fiscal years 2010-11 through 2012-13 and fiscal year 2015-16. Values dropped by $16 million (-2.49%) in 2015-16. This drop in value was the result of assessment appeals reductions of land value on 16 vacant parcels owned by Casden Santa Clarita LLC. See "THE PROJECT AREA - Appeals" below. Absent the large appeals losses, the remaining parcels in the Project Area grew by $24.1 million, an amount of growth comparable to that of 2014-15. Growth in taxable values in the Project Area from 2007-08 to 2016-17 was $37.1 million (6.03%).

Historical Tax Increment Receipts

The following tables show the historical Pledged Tax Revenues along with the estimated and actual receipts of tax increment for the Project Area. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

TABLE 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
HISTORICAL TAX REVENUES

	Fiscal Year					
	2011-12	***2012-13***	***2013-14***	***2014-15***	***2015-16***	***2016-17***
Assessed Valuation[1]	$615,079,251	$613,323,930	$616,515,402	$642,949,823	$626,933,172	$652,161,528
Less Revised Base Year Valuation	(265,015,401)	(264,162,168)	(264,106,214)	(264,106,214)	(264,106,214)	(264,106,214)
Incremental Valuation[2]	$350,063,850	$349,161,762	$352,409,188	$378,843,609	$362,826,958	$388,055,314
Tax Levy Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Gross Estimated Revenues[3]	$3,500,638	$3,491,618	$3,524,092	$3,788,436	$3,628,270	$3,880,553
Gross RPTTF Deposit[4]	$2,772,170	$3,127,146	$3,703,773	$3,390,115	$3,606,510	N/A

(1) Figures for Fiscal Year 2016-17 are based on assessed valuation information provided by County Auditor-Controller and do not include State-assessed values.
(2) Increase over revised base year valuation.
(3) Includes unitary and supplemental tax revenues. For Fiscal Year 2016-17, tax increment revenues do not include estimated supplemental revenues, but do include $11,168 in estimated unitary revenues. See the caption "PROPERTY TAXATION IN CALIFORNIA—Unitary Property."
(4) Amounts for the June 2012 RPTTF Deposits are the total revenues for FY 2011-12 less amounts allocated to the Prior Agency through January 31, 2012.

Source: Fiscal Consultant and County of Los Angeles.

TABLE 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
HISTORICAL LEVY AND COLLECTIONS

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Current Year Collection %	Prior Year Collections[3]	Total Apportioned	Total Collection %
2005-06	$2,237,235	$2,179,332	97.41%	$650,342	$2,829,675	126.48%
2006-07	2,806,040	2,708,385	96.52	438,193	3,146,578	112.14
2007-08	3,666,600	3,470,405	94.65	223,244	3,693,650	100.74
2008-09	3,978,489	3,773,188	94.84	229,455	4,002,642	100.61
2009-10	4,068,572	3,885,719	95.51	42,260	3,927,979	96.54
2010-11	3,618,835	2,744,263	75.83	(204,741)	2,539,523	70.18
2011-12[1]	3,762,457	2,867,475	76.21	116,381	2,983,855	79.31
2012-13[2]	3,485,808	2,786,791	79.95	342,729	3,129,519	89.78
2013-14[2]	3,526,463	2,828,495	80.21	835,488	3,663,983	103.90
2014-15[2]	3,836,835	3,185,967	83.04	341,817	3,527,784	91.95
2015-16[2]	3,579,829	3,430,748	95.84	518,2912	3,704,259	103.48

(1) Sources: Ledgers and 2011-12 Revenue & Collections from Year-End Adjusted Gross TI Collections by CRA reports from Los Angeles County Auditor/Controller.
(2) Sources: Ledgers and special reports from Los Angeles County Auditor/Controller commencing February 2012 pursuant to AB X 1 26.
(3) Prior Year Collections include supplemental revenue, reductions for taxpayer refunds and revenue from prior years.

Source: Los Angeles County Auditor/Controller, Disbursement/Tax Division "CRA Remittance Advice" from Fiscal Years 1999-00 through 2010-11, and for Fiscal Year 2011-12, November 2011 through January 2012.

Appeals

As previously discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values," property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the Appeals Board. Applications for any tax year must be submitted by November 30 of such tax year. The Appeals Board, within two years of each appeal's filing date, will hold a hearing and then either reduce the assessment or confirm the assessment.

According to the Fiscal Consultant, as of October 3, 2016, there are 46 appeals outstanding for properties in the Project Area, requesting an assessed valuation reduction of $114,405,766. Based on the historical average success rate of 65.08% over the past five years, the reduction in assessed valuation is estimated to be $62,045,605. Such estimated reduction is reflected in the projected debt service coverage figures set forth herein for fiscal year 2017-18.

The following tables set forth information regarding historical and pending appeals in the Project Area. The Successor Agency has no way of knowing the outcome of these pending appeals or their effect on the valuation in the Project Area.

TABLE 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
HISTORICAL & OUTSTANDING ASSESSMENT APPEALS
For Appeals Filed From January 1, 2010 Through October 3, 2016

Number of Appeals Filed	*Number of Resolved Appeals*	*Number of Successful Appeals*	*Average Reduction*	*Number of Appeals Pending*	*Value of Appeals Pending*	*Estimated Number of Appeals Allowed*	*Estimated Reduction on Pending Appeals (2017-18 Value Reduction)*
202	102	85	65.08%	46	$114,405,766	38	$62,045,605

Source: Fiscal Consultant Report.

For fiscal year 2016-17 there are 46 residential properties that have values that were reduced pursuant to Proposition 8 and that have not been sold or fully restored to their inflation adjusted base values. 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 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 46 single family residential properties in the Project Area that are still enrolled at reduced values are enrolled at values that are a combined $5.0 million below the inflation adjusted base value for these properties. For 2016-17, there were 20 Proposition 8 reduced properties that recovered $558,217 in taxable value. See "APPENDIX F – FISCAL CONSULTANT'S REPORT."

Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. Casden Santa Clarita LLC, Lyons Properties Limited, Telfair Corporation and Peter & Barbara Coeler all have assessment appeals pending as shown in table below.

TABLE 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
OUTSTANDING ASSESSMENT APPEALS AMONG TOP TEN TAXPAYERS

Taxpayer	FY of Appeal	No. of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Max. Potential Value Reduction
Casden Santa Clarita LLC	2014-15	18	$50,196,814	$16,254,027	$33,942,787
	2015-16	18	16,904,000	8,128,000	8,776,000
	2016-17	18	16,904,000	7,317,000	9,587,000
Lyons Properties Limited	2014-15	1	9,923,399	5,460,000	4,463,399
	2015-16	1	10,121,667	5,954,000	4,167,667
	2016-17	1	10,276,022	6,073,000	4,203,022
Telfair Corporation	2014-15	2	8,538,579	5,264,425	3,274,154
	2015-16	2	8,709,178	4,785,840	3,923,338
Peter & Barbara Coeler	2015-16	1	3,735,781	0	3,735,781
	2016-17	1	1,468,721	0	1,468,721

Source: Fiscal Consultant Report.

The reductions in value on the Casden Santa Clarita LLC parcels were based on Proposition 8 assessment appeals and the owner's argument that the enrolled values were greater than the actual market value of the parcels. In future years, the value reductions granted must be restored by the Assessor as the market value of the parcels increases. However, there is no way to project any timetable for this value recovery. In the event that these parcels are sold, the Assessor is obligated to enroll the values that are consistent with the sales price.

Change in Assessed Value Due to Sales

During 2016, after the lien date for fiscal year 2016-17, within the Project Area, there were 32 transfers of real property ownership where the sales price can be confirmed. These transfers of ownership represent a combined increase of $18.7 million in assessed value that is expected to be added to the tax rolls for fiscal year 2017-18 and has been incorporated into the projected revenues of the Project Area.. Although new development and change of ownership is expected to continue to occur within the Project Area, no other additional value has been included in the projections of the Pledged Tax Revenues.

Residential property sales for the full calendar year 2015 totaled 13 in the Project Area and reflected an increase in median sales price of 19.71% above sales for calendar year 2014. Sales of residential property through July, 2016 reflect a decrease of -9.21% in median sales prices based on only 8 sales. The current median sales price is $369,500. Through July, 2016, the median price of single family homes within the Project Area is currently 12.02% below the peak median price of $420,000 in 2007. See "APPENDIX F – FISCAL CONSULTANT'S REPORT."

From January 1, 2016 through November 7, 2016, the City processed 119 building permits within the Project Area with estimated valuations totaling approximately $1,900,000. Once completed, the value of the new construction will be added to the tax rolls. Due to the uncertainty of the completion of these projects, none of this estimated value has been included in the projections of the Pledged Tax Revenues.

Historical RPTTF Deposits

Tables 8 and 9 below sets forth historical RPTTF deposits for the Project Area.

TABLE 8
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
HISTORICAL RPTTF DEPOSITS

	Fiscal Years				
	2011-12[3]	***2012-13***	***2013-14***	***2014-15***	***2015-16***
January RPTTF Deposit [1]	$2,041,347	$1,977,893	$1,825,812	$1,783,226	$1,674,809
June RPTTF Deposit [2]	730,823	1,149,253	1,877,961	1,606,889	1,931,701
Gross RPTTF Deposit	$2,772,170	$3,127,146	$3,703,773	$3,390,115	$3,606,510
Less: SB 2557 Admin Fees	52,292	50,515	50,554	51,315	48,248
Less: County RPTTF Admin. Fees	2,857	19,893	20,311	14,819	12,091
Less: Subordinated Tax Sharing	569,957	956,577	740,755	725,584	742,159
Net RPTTF Available	$2,147,063	$2,100,162	$2,892,153	$2,598,397	$2,804,012

(1) Collections deposited in the RPTTF for allocation in January include June and July collections from the prior fiscal year and collections for August through December of the current fiscal year.
(2) Collections deposited in the RPTTF for allocations in June include January through May collections for the current fiscal year.
(3) Revenues for the January RPTTF Deposits are the total revenue amounts allocated to the Prior Agency through January 31, 2012. Amounts for the June RPTTF Deposits are the total revenues for FY 2011-12 less amounts allocated to the Prior Agency through January 31, 2012.

Source: Fiscal Consultant.

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TABLE 9
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
RPTTF DEPOSITS

Bond Year [1]	*FY 2014-15 (Actual)*			*FY 2015-16 (Actual)*			*FY 2016-17*			*FY 2017-18 (Projected)*		
Tax Installment	1st	2nd		1st	2nd		1st (Actual)	2nd (Projected)		1st	2nd	
ROPS Cycle [2]	14-15B	15-16A		15-16B	16-17A		16-17B	17-18A		17-18B	18-19A	
RPTTF Distrib. Dates	January 2	June 1	Total	January 2	June 1	Total	January 2	June 1	Total	January 2	June 1	Total
RPTTF Deposits [3]	$1,783,226	$1,606,889	$3,390,115	$1,674,809	$1,931,701	$3,606,510	$1,796,229	$1,868,027	$3,664,256	$1,774,050	$1,637,585	$3,411,635
Less:												
County Admin. Costs [4]	59,133	7,002	66,134	53,775	6,565	60,339	56,959	6,500	63,459	47,277	6,500	53,777
Pass Through Obligations [4]	356,645	368,939	725,584	313,453	428,706	742,159	355,538	403,520	759,058	354,810	327,517	682,327
Total Available for ROPS Obligations	**$1,367,448**	**$1,230,949**	**$2,598,397**	**$1,307,582**	**$1,496,430**	**$2,804,012**	**$1,383,732**	**$1,458,006**	**$2,841,738**	**$1,371,963**	**$1,303,568**	**$2,675,531**
ADD Reserved Amts		**$ 330,000**			**$ 335,000**			**$ 330,000**				
2008 Bonds - Non-Housing	640,544	820,774	1,461,318	629,940	824,391	1,454,331	507,361		507,361			
2008 Bonds - Housing	192,978	342,978	535,956	189,978	344,978	534,956	152,668		152,668			
2017 Refunding Bonds							145,930	1,511,247	1,657,177	1,371,963	794,130	2,166,094
Total Debt Service	**$ 833,522**	**$1,163,752**	**$1,997,274**	**$ 819,918**	**$1,169,369**	**$1,989,287**	**$ 805,959**	**$1,511,247**	**$2,317,206**	**$1,371,963**	**$794,130**	**$2,166,094**
Remaining Revenue	$ 533,926	$ 397,197	$ 601,123	$ 487,664	$ 662,061	$ 814,725	$ 577,773	$ 276,760	$ 524,532	$0	$509,438	$ 509,438
Overall Coverage [5]	1.6	1.3	1.3	1.6	1.6	1.4	1.7	1.2	1.2	1.0	1.6	1.2
Reserve for Debt Service [6]	$ 330,000			$ 335,000			$ 330,000					

(1) Bond year ending October 1 for purposes of annual debt service totals.
(2) Terms used by the DOF to denote semiannual ROPS periods are based on the fiscal year during which ROPS expenditures occur, rather than the fiscal year in which revenues are collected.
(3) RPTTF deposits are actual through ROPS 16-17 "B". Projected amounts shown for FY 2016-17 and 2017-18 are based on 2% growth model. The sum of the RPTTF deposits for 2014-15 and 2015-16 will not equal reported tax increment revenue for such fiscal year due to the fact that the "B" cycle RPTTF deposits include June and July collections from the prior fiscal year and the "A" cycle RPTTF deposits do not include collections for June and July of the current fiscal year. This is the result of the allocation cycles mandated in the Dissolution Act. Projected RPTTF deposits for 2016-17 and 2017-18 are divided assuming 53% of annual revenue being allocated to the "B" ROPS in January and 47% being allocated to the "A" ROPS in June.
(4) County Administration and pass through amounts are actual for fiscal years 2014-15, 2015-16 and first half of 2016-17. Amounts shown for the second half of 2016-17 and 2017-are projected with annual projected amounts proportionally divided between the two RPTTF cycles based on the County's allocation schedules. County Administration Costs are assumed to include $6,000 of RPTTF deposits for CAC administration of the RPTTF process. Pass through amounts are actual for fiscal years 2014-15, 2015-16 and first half of 2016-17 and include both senior and subordinate pass through amounts as allocated by the County. Projected pass through amounts for fiscal years 2016-17 and 2017-18 also include both projected senior pass through payments and projected subordinate pass through payments.
(5) Calculated as the sum of Total Available for ROPS Obligations and Add Reserve divided by Total Debt Service.
(6) During 2014-15 the Successor Agency reserved $330,000 from the "B" RPTTF allocation for payment of the next debt service amounts. During 2015-16 the Successor Agency reserved $335,000 from the "B" RPTTF allocation. For the previously approved 16-17 "B" RPTTF allocation, the Successor Agency has reserved $330,000 for payment of debt service from the 17-18 "A" RPTTF allocation. As part of the approval of the 17-18 ROPS, the Successor Agency will provide for the full 2018 debt service amount within the 17-18 "B" RPTTF allocation. To the extent that there are insufficient funds available from the 17-18 "B" RPTTF allocation to fully fund the 2018 debt service the unpaid amount will be funded from the 18-19 "A" RPTTF allocation.

Source: Fiscal Consultant.

Projected Taxable Valuation and Estimated Debt Service Coverage

The Successor Agency has retained HdL Coren & Cone, Diamond Bar, California, to provide projections of taxable valuation and Pledged Tax Revenues from the Project Area. The Successor Agency believes that the assumptions (set forth in the footnotes below and in Appendix F) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption "RISK FACTORS." Therefore, actual Pledged Tax Revenues received during the forecast period may vary from the projections, and the variations may be material.

Table 10 shows the analysis of projected growth of assessed valuation in the Project Area and the resulting net tax increment revenues over the next twenty-seven years, as estimated by the Fiscal Consultant. Table 11 depicts the projected net tax increment revenue available to pay debt service on the Bonds based on 2% growth of assessed valuation in the Project Area, as estimated by the Fiscal Consultant. See "APPENDIX F – FISCAL CONSULTANT'S REPORT" for more information regarding these projections.

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

- Tax rates have been estimated based on a 1.0% tax rate;

- For determining projected gross tax increment revenues from the Project Area, secured and unsecured real property assessed values are increased at 2% per year;

- No deductions were made to the gross tax increment for Tax Sharing Statutory Payments since such Tax Sharing Statutory Payments for the affected taxing agencies are subordinate to the payment of the principal of and interest on the Bonds;

- There have not been any deductions to the gross tax increment revenue to recognize the impact of future tax delinquencies;

- A reduction of $62,045,605 in total assessed value was estimated for 2017-18 due to pending appeals. Gross tax increment revenue was not reduced to reflect any impact of future appeals or potential refunds which may occur for future appeals; and

- Anticipated valuation increase of $18.7 million has been added to the 2017-18 assessment roll due to ownership changes for sales through January 1, 2017. See "APPENDIX F – FISCAL CONSULTANT'S REPORT" for more information regarding these projections.

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TABLE 10
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
PROJECTED PLEDGED TAX REVENUES
(000's omitted)

Fiscal Year	AV Growth Rate	Total Assessed Value	Incremental Valuation	Estimated Gross Tax Increment	County Admin Fee (1.33%)	Pledged Tax Revenue	Subordinated Statutory Pass-Through Amounts			Net Tax Revenues
							Tier 1	Tier 2	Tier 3	
Base Year		$264,106								
2016-17	Actual	652,162	388,055	3,892	(52)	3,840	(778)	(62)	0	2,999
2017-18	Actual	619,660	355,554	3,567	(47)	3,519	(713)	(8)	0	2,798
2018-19	2.00%	631,082	366,976	3,681	(49)	3,632	(736)	(27)	0	2,869
2019-20	2.00%	642,733	378,627	3,797	(50)	3,747	(759)	(46)	0	2,941
2020-21	2.00%	654,617	390,511	3,916	(52)	3,864	(783)	(66)	0	3,015
2021-22	2.00%	666,738	402,632	4,037	(54)	3,984	(807)	(87)	0	3,090
2022-23	2.00%	679,102	414,996	4,161	(55)	4,106	(832)	(108)	0	3,166
2023-24	2.00%	691,713	427,607	4,287	(57)	4,230	(857)	(129)	0	3,244
2024-25	2.00%	704,576	440,470	4,416	(59)	4,357	(883)	(150)	0	3,324
2025-26	2.00%	717,697	453,591	4,547	(60)	4,487	(909)	(172)	0	3,405
2026-27	2.00%	731,080	466,974	4,681	(62)	4,619	(936)	(195)	0	3,488
2027-28	2.00%	744,731	480,625	4,817	(64)	4,754	(963)	(218)	0	3,572
2028-29	2.00%	758,654	494,548	4,957	(66)	4,891	(991)	(241)	0	3,658
2029-30	2.00%	772,857	508,750	5,099	(68)	5,031	(1,020)	(265)	0	3,746
2030-31	2.00%	787,343	523,237	5,244	(70)	5,174	(1,049)	(289)	(16)	3,820
2031-32	2.00%	802,119	538,012	5,391	(71)	5,320	(1,078)	(314)	(33)	3,895
2032-33	2.00%	817,190	553,084	5,542	(73)	5,469	(1,108)	(340)	(50)	3,971
2033-34	2.00%	832,563	568,457	5,696	(75)	5,620	(1,139)	(365)	(67)	4,049
2034-35	2.00%	848,243	584,137	5,853	(78)	5,775	(1,171)	(392)	(84)	4,128
2035-36	2.00%	864,237	600,131	6,012	(80)	5,933	(1,202)	(419)	(102)	4,209
2036-37	2.00%	880,551	616,445	6,176	(82)	6,094	(1,235)	(446)	(121)	4,292
2037-38	2.00%	897,191	633,085	6,342	(84)	6,258	(1,268)	(474)	(139)	4,376
2038-39	2.00%	914,164	650,058	6,512	(86)	6,425	(1,302)	(502)	(158)	4,462
2039-40	2.00%	931,476	667,370	6,685	(89)	6,596	(1,337)	(532)	(178)	4,550
2040-41	2.00%	949,135	685,029	6,861	(91)	6,771	(1,372)	(561)	(197)	4,640
2041-42	2.00%	967,147	703,040	7,042	(93)	6,948	(1,408)	(591)	(218)	4,731

Source: Fiscal Consultant's Report.

TABLE 11
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA
PROJECTED PLEDGED TAX REVENUES AND DEBT SERVICE COVERAGE

Year Ending June 30	Estimated Pledged Tax Revenues	Bonds Debt Service (1)(2)	Debt Service Coverage	Remaining Tax Revenues	Estimated Subordinated Pass-thrus
2017	$3,840,137	$1,657,177	2.32x	$2,182,960	$ 840,667
2018	3,519,431	2,166,094	1.62	1,353,337	721,062
2019	3,632,140	2,162,094	1.68	1,470,046	763,096
2020	3,747,102	2,159,294	1.74	1,587,809	805,970
2021	3,864,364	2,161,794	1.79	1,702,571	849,702
2022	3,983,972	2,157,044	1.85	1,826,928	894,309
2023	4,105,971	2,160,294	1.90	1,945,677	939,808
2024	4,230,410	2,156,044	1.96	2,074,367	986,217
2025	4,357,339	2,164,544	2.01	2,192,795	1,033,554
2026	4,486,805	2,160,044	2.08	2,326,762	1,081,837
2027	4,618,861	2,158,044	2.14	2,460,818	1,131,087
2028	4,753,559	2,162,194	2.20	2,591,365	1,181,321
2029	4,890,950	2,163,600	2.26	2,727,350	1,232,560
2030	5,031,089	2,159,850	2.33	2,871,239	1,284,824
2031	5,174,031	2,169,794	2.38	3,004,237	1,354,358
2032	5,319,831	2,161,144	2.46	3,158,687	1,425,282
2033	5,468,548	2,159,306	2.53	3,309,241	1,497,625
2034	5,620,239	2,160,656	2.60	3,459,582	1,571,415
2035	5,774,963	2,155,013	2.68	3,619,951	1,646,681
2036	5,932,783	2,160,575	2.75	3,772,208	1,723,451
2037	6,093,758	2,168,700	2.81	3,925,058	1,801,758
2038	6,257,953	2,159,200	2.90	4,098,753	1,881,630
2039	6,425,432	2,158,200	2.98	4,267,232	1,963,100
2040	6,596,261	2,154,400	3.06	4,441,861	2,046,199
2041	6,770,506	2,157,800	3.14	4,612,706	2,130,960
2042	6,948,236	2,158,000	3.22	4,790,236	2,217,417

(1) For the Bond Year ending October 1.
(2) Rounded to nearest dollar.
Source: Fiscal Consultant and Financial Advisor.

Activity Within the Project Area

Development activity is occurring within the Project Area. However, due to the speculative and uncertain nature of the scope and completion timelines of these projects, no additional value has been included in the projections of the Pledged Tax Revenues relating to the projects discussed below.

There are several projects currently underway within the Project Area. Of note and under construction are the following: (a) a 30-unit affordable multi-family housing project, (b) the refurbishment of a 16,388 sq. ft. building for a hardware store, post office, and restaurant and (c) a boutique hotel with 47 rooms located on the corner of Railroad and 5th Street with an estimated completion date in 2018.

City Block. In 2008, the Prior Agency, in partnership with the City, acquired a block of property within the Project Area. The site encompasses one full City block, directly across the street from the Old Town Newhall Library, bounded by Lyons Avenue to the north, Railroad Avenue to the east, 9th Street to the south, and Main Street to the west. The site was purchased with the intent of a public-private development partnership in the future that was in line with the vision of the Old Town Newhall Specific Plan adopted by the City Council in 2005. The Specific Plan envisioned, among other things, that at the north end of Main Street, a six-screen theater would serve as an "anchor" to a project that, combined with retail space, residential units, and a public parking structure, would create consumer activity and further the arts and entertainment district vision in the area.

Old Town-Main, LLC, (OTM) is under contract to purchase approximately 34,325 square feet of the site at fair market value to develop a mixed-use project oriented towards Main Street and Lyons Avenue. OTM will undertake the work to remedy environmental concerns (including three underground storage tanks, one concrete filled clarifier, one vehicle hoist, one vehicle wash sump, one vehicle frame straightener, and asbestos floor tiles associated with prior uses) prior to the close of escrow, the adjustment to the property's value having been applied to the sale price. The proposed mixed-use project will provide an estimated 20,240 square feet of retail space, 46 multi-family units ranging from one bedroom to three bedrooms, and public plaza space. Escrow is anticipated to close in the first quarter of calendar year 2017.

Laemmle Theatres is under contract to purchase approximately 12,680 square feet of the site to develop a two-story, 17,688 square-foot art house theater and 2,293 square feet of retail space. The theater is proposed to include seven screens and between 475-525 seats, in addition to public art space. Escrow is anticipated to close in the first quarter of calendar year 2017.

The Old Town Newhall Specific Plan calls for two public parking structures, with approximately 400 spaces each, to be built in the Main Street area as a public infrastructure investment to serve the entire business district. The site is to include a City public parking structure currently envisioned to be one level subterranean and five stories above grade.

RISK FACTORS

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

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, on or before each February 1 commencing February 1, 2016, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed by the Successor Agency and is approved by the DOF in which event no such periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, for each semiannual or annual period, as applicable, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for obligation. Consequently in instances where a Last and Final Recognized Obligation Payment Schedule is not filed, Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment

Schedule to pay debt service on the Bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule as required, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act in accordance with a Recognized Obligation Payment Schedule approved by the DOF. Although the Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule nothing in the Indenture prevents it from doing so in the future.

For a description of the covenant made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight board approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, no later than each February 1 for the subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline, with respect to the Recognized Obligation Payment Schedule for the subsequent annual period.

Challenges to Dissolution Act

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

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1

§19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

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

Reduction in Taxable Value

Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and thereby available to pay principal of and interest on the Bonds are determined by the amount of incremental taxable value in the Redevelopment Project and the current rate or rates at which property in the Redevelopment Project is taxed. The reduction of taxable values of property in the Redevelopment Project caused by economic factors beyond the Successor Agency's control, such as relocation out of the Redevelopment Project by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Redevelopment Project. see "THE PROJECT AREA—Largest Taxpayers."

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

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

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from the Project Area. See "THE PROJECT AREA – Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage' for a description of the projected debt service coverage on the Bonds.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption "—Bankruptcy and Legal Delays" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Concentration of Property Ownership

Based on fiscal year 2016-17 locally assessed taxable valuations, the top ten taxable property owners in the Redevelopment Project represent approximately 20.87% of the total fiscal year 2016-17 taxable value and 35.07% of the fiscal year 2016-17 incremental value. See Table 2 herein. Some of these property owners have pending assessed value appeals respect to their property in the Redevelopment Project. Although the bankruptcy, termination of operations or departure from one of the Redevelopment Project by one of the largest property owners from the Redevelopment Project could adversely impact the availability of Pledged Tax Revenues to pay debt service on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 available tax increment. See "THE PROJECT AREA—Projected Available Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

Reduction in Inflationary Rate

Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11, the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2% limitation. The State Board of Equalization directed county assessors to use 1.998% as the inflation factor for purposes of preparing the 2015-16 tax roll and 1.525% as the inflation factor for purposes of preparing the 2016-17 tax roll. The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of the Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project

Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Pledged Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of the Pledged Tax Revenues received by the Successor Agency from the Project Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area could delay or impair the receipt of Pledged Tax Revenues by the Successor Agency.

The projected Pledged Tax Revenues set forth in Appendix F and under the caption "PLEDGED TAX REVENUES" do not include projections of Pledged Tax Revenues from future development within the Project Area, but do include additional values from transfers of real property ownership where the sales price was confirmed, representing a combined increase of $6.63 million in assessed value that is expected to be added to the 2017-18 tax rolls. Pledged Tax Revenues projections herein reflect a 2% annual growth assumption. There can be no assurance that Pledged Tax Revenues may not increase at different rates.

Future Land Use Regulations and Growth Control Initiatives

In the past, citizens of a number of local communities in Southern California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Redevelopment Project to complete any existing or proposed development. Bond Owners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Redevelopment Project to decrease substantially and could affect the willingness and ability of the owners of land within the Redevelopment Project to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or 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 respective redevelopment project and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Pledged Tax Revenues. The Successor Agency has in the past experienced reductions in its Pledged Tax Revenues as a result of assessment appeals. 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 Redevelopment Project and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX F—FISCAL CONSULTANT'S REPORT.

Certain of the top ten largest property taxpayers in the Redevelopment Project have pending property tax appeals. See "THE PROJECT AREA—Assessment Appeals" and "THE PROJECT AREA—Largest Taxpayers" for a description of pending appeals and the potential impact on Pledged Tax Revenues if the appeals are granted.

Levy and Collection of Taxes

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

Although delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2015-16 net tax increment. See Table 5 and also "THE PROJECT AREA— Projected Taxable Valuation and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not have priority outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

Estimated Revenues

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

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

Natural Disasters

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

The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. The City is located in a seismically dynamic region featuring two active fault systems: the San Andreas System which includes the San Andreas and the San

Gabriel faults; and a system of faults associated with the transverse ranges including the Sierra Madre and San Fernando faults. As a result of the January 1994 Northridge Earthquake, damage to City facilities included the City Hall which was repaired and retrofitted for approximately $4.5 million.

The City has adopted a Seismic Safety Element to the City's General Plan and implemented the Element's recommendation by ordinance. The ordinance specifies development restrictions and requirements for engineering and geologic reports based on the type of project, intensity of use and proximity to the identified hazard zones. City development has generally avoided these areas of highest risk and General Plan policy will prevent development in high risk areas. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction in assessed values of such property. Such a reduction could result in a decrease in Pledged Tax Revenues.

The majority of the land within the Project Area is designated within the "moderate" and "low" risk flood zones, while select areas along creeks and waterways within the Project Area are designated within the "high" risk flood zone.

Changes in the Law

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

Additional Obligations

The potential for the issuance of Parity Bonds could, in certain circumstances, increase the risks associated with the Successor Agency's payment of debt service on the Bonds in the event of a decrease in the Successor Agency's collection of Pledged Tax Revenues. However, Section 34177.5 of the Dissolution Act provides limited authority for successor agencies to issue bonds, and the Successor Agency's ability to issue Parity Bonds is subject to the requirements of the Dissolution Act as in effect from time to time, as well as the requirements of the Indenture, which generally allow for the issuance of Parity Bonds for refunding purposes only. See the caption "SECURITY FOR THE BONDS—Parity Bonds."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Although the Successor Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure" and Appendix D. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. 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. Such prices could be substantially different from the original purchase price.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, California Government Code

Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding will, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the such financing. The last day of such challenge period with respect to the Bonds and the Oversight Board Resolution was October 15, 2016.

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

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

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. 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 municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Successor Agency has covenanted in the Indenture and the Tax Certificate relating to the Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the Successor Agency subsequent to the issuance of the Bonds in violation of such covenants with respect to the Bonds. Should such an event of taxability occur, the Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed under the redemption provisions of the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Successor Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision of the State is pledged to the payment of the Bonds. The Bonds are special obligations of the Successor Agency; and, except as provided in the Indenture, they are payable solely from Pledged Tax Revenues. Pledged Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Successor Agency following a delinquency in the payment of the applicable property taxes. The Successor Agency has no obligation to pay debt service on the Bonds in the event of insufficient Pledged Tax Revenues, except to the extent that money is available for that purpose in the Redevelopment Obligation Retirement Fund, the Redevelopment Obligation Retirement Fund, the Debt Service Fund or the Reserve Fund.

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the Successor Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure."

Risks Associated with Bond Insurance

In the event that the Successor Agency defaults in the payment of principal of or interest on the Bonds when due, the owners of the Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the Bonds when due under the Policy, the Bonds will be payable solely from Pledged Tax Revenues and amounts held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY FOR THE BONDS."

The long-term rating on the Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption "CONCLUDING INFORMATION—Ratings."

Neither the Successor Agency nor the Underwriter have made an independent investigation of the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Successor Agency or the Underwriters in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of the Insurer through final maturity of the Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies for default under the Indenture. The Insurer is not required to obtain the consent of the Owners with respect to the exercise of remedies. See the caption "THE INDENTURE—Bond Insurance."

TAX MATTERS

Tax Exemption. The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Bonds. The Successor Agency has covenanted to maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. It is the further opinion of Bond Counsel that, under existing statutes, regulations, rulings and court decisions, the Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Indenture and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the Successor Agency in connection with the issuance of the Bonds, the Successor Agency will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by the Successor Agency with its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds or the tax consequences of the ownership of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Successor Agency described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, it is likely that under current procedures the Service would treat the Successor Agency as the "taxpayer" and that the owners would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the Bonds, the Successor Agency may have different or conflicting interests from the owners. Public awareness of any such examination of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the examination, regardless of its ultimate outcome.

No assurance can be given that future legislation, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the Bonds from personal income taxation by the State or of the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

A copy of the proposed form of opinion of Bond Counsel relating to the Bonds is attached hereto as Appendix B.

Tax Accounting Treatment of Bond Premium and Original Issue Discount. To the extent that a purchaser of a Bond acquires that Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Bond to the owner.

The excess, if any, of the stated redemption price at maturity of Bonds of a maturity over the initial offering price to the public of the Bonds of that maturity is "original issue discount." Original issue discount accruing on a Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Bond. Original issue discount on any Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Bond accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Bonds who purchase such Bonds other than at the initial offering price and pursuant to the initial offering

Persons considering the purchase of Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds. Bond Counsel will express no opinion regarding any such tax accounting matters.

Other Tax Consequences. Although interest on the Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequence.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated and Hilltop Securities Inc., as Co-underwriters (the "Underwriters") pursuant to a Bond Purchase Contract, dated February 2, 2017 (the "Purchase Agreement"), by and between the Underwriters and the Successor Agency. The Underwriters have agreed to purchase the Bonds at a price of $35,483,799.05 (being the aggregate principal amount thereof, plus a net original issue premium of $861,892.80 and less an Underwriters' discount of $178,093.75). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Verification of Mathematical Computations

The Verification Agent, an independent accountant, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Successor Agency, relating to the sufficiency of the cash and/or the maturing principal of and interest on the escrow securities to be deposited in the respective Escrow Funds, to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium with respect to the 2008 Housing Bonds and the 2008 Non-Housing Bonds.

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

Legal Opinion

The opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, approving the validity of the Bonds and stating that interest on the Bonds is excluded from gross income for federal income tax purposes and that such interest is also exempt from personal income taxes of the State of California under present State income tax laws, will be furnished to the purchaser at the time of delivery of the Bonds at the expense of the Successor Agency.

A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as Appendix B. The legal opinion relates only to the legality of the Bonds and is not intended to be, nor is it to be interpreted or relied upon, as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

In addition, certain legal matters will be passed on for the Successor Agency by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel, for the Underwriters by Stradling Yocca Carlson & Rauth, Newport Beach, California, as Underwriters' Counsel, for the Trustee by its counsel and for the Insurer by its counsel.

Litigation

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

Legality for Investment in California

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

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

Ratings

S&P has assigned an underlying rating of "BBB+" to the Bonds. S&P is also expected to assign the Bonds the rating of "AA" (stable outlook) based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. The ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P.

The Successor Agency makes no representation as to the Insurer's creditworthiness and no representation that the Insurer's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

Continuing Disclosure

The Successor Agency has agreed in a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") entered into with Digital Assurance Corporation, as dissemination agent, for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency by March 31 following the end of the Successor Agency's Fiscal Year (currently its Fiscal Year ends on June 30) (the "Annual Report"), commencing with the report for the Fiscal Year ending June 30, 2016, and to provide notices of the occurrence of certain enumerated events. The form of the Continuing Disclosure Certificate is set forth in Appendix D.

The Annual Report and the notices of enumerated events will be filed by the Successor Agency with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix D. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12").

The Successor Agency has not previously undertaken to provide continuing disclosure; however, it assumed the continuing disclosure responsibilities of the Prior Agency upon dissolution. Other than as described in the following paragraph, the Successor Agency has not failed in the previous five years to comply in any material respect with any previous undertaking to provide annual reports or notices of certain events in accordance with Rule 15c2-12.

The Successor Agency is, or was during the past five years, responsible for providing continuing disclosure with respect to the following bond issues:

1. $8,850,000 City of Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008, dated June 12, 2008 (the "Housing RDA Bonds").

2. $29,860,000 City of Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008, dated June 12, 2008 (the "RDA Bonds").

The City or related entity is, or was during the past five years, responsible for providing continuing disclosure with respect to the following five bond issues:

1. $16,485,000 City of Santa Clarita Community Facilities District No. 2002-1 (Valencia Town Center) Special Tax Bonds, Series 2012, dated October 12, 2012 (the "2012 CFD Bonds").

2. $15,525,000 City of Santa Clarita Certificates of Participation (Open Space and Parkland Acquisition Program) 2007 Series (the "2007 Certificates").

3. $13,785,000 Santa Clarita Public Financing Authority Lease Revenue Bonds, Series 2007 (Golden Valley Road) (the "2007 Bonds").

4. $17,700,000 City of Santa Clarita Refunding Certificates of Participation (Public Facilities – Civic Center), 2005 Series, dated July 12, 2005 (the "2005 Certificates").

5. $17,370,000 City of Santa Clarita Community Facilities District No. 2002-1 (Valencia Town Center) Special Tax Bonds, dated October 29, 2002 (the "2002 CFD Bonds").

In conjunction with the delivery of the Bonds, the City, on behalf of the Successor Agency, engaged the services of Digital Assurance Certification LLC ("DAC") to conduct a continuing disclosure compliance review with respect to the above-referenced bond issues. During the course of DAC's review, it was determined that during the past five years, there were several instances of non-compliance by the Successor Agency and the City with the requirements of certain undertakings due primarily to the City failing to provide unaudited financial information when the audited financial statements (AFS) were not yet available, failing to timely link AFS already filed for one bond issue with all applicable bond issues, and failing to provide specific information within certain Annual Reports. Specifically:

1. With respect to the Housing RDA Bonds and the RDA Bonds, the Annual Report that was posted to EMMA failed to include certain required items for FYs 2011, 2012 and 2013, which information was subsequently provided and corrected in 2014 (998, 632 and 267 days late), material event notices were not timely filed for an underlying rating downgrade in 2015, and the Agency for FY 2011 was late in filing the AFS by 19 days due to failing to file the unaudited versions of the AFS when the audited version was unavailable prior to applicable deadline. The Agency did not file in a timely manner notice of late annual financial information;

2. Additionally, with respect to the RDA Bonds, the Agency for FY 2012 and 2015 was late in filing the AFS by 31 and 22 days, respectively, and the Agency failed to file the AFS in 2013, each due to the failure to link the AFS already filed with EMMA for the Housing RDA Bonds to the RDA Bonds. The Agency did not in a timely manner file notice of late annual financial information;

3. With respect to the 2012 CFD Bonds, the City for the fiscal years (FY) 2012, 2013 and 2015 was late in filing the AFS by 31, 26, and 14 days, respectively, due to the failure to file the unaudited versions of the AFS when the audited version was unavailable prior to applicable deadlines, and the Annual Report that was posted to EMMA failed to include certain required information for FY 2013, which information was subsequently provided in 2014 (303 days late). The City did not file in a timely manner notice of late annual financial information;

4. With respect to the 2007 Certificates, the Annual Report that was posted to EMMA failed to include certain required items for FYs 2011 and 2013, which information was subsequently provided in 2014 (942 and 211 days late), the material event notice was not timely filed for an underlying rating upgrade in 2012, and the City for FY 2011 was late in filing the AFS by 19 days due to failing to file the unaudited versions of the AFS when the audited version was unavailable prior to applicable deadline. The City did not in a timely manner file notice of late annual financial information;

5. With respect to 2007 Bonds, the material event notice was not timely filed for an underlying rating upgrade in 2012, and the City for FY 2011 was late in filing the AFS and Annual Report by 24 days due to failing to file the unaudited versions of the AFS when the audited version was unavailable prior to applicable deadline. The City did not in a timely manner file notice of late annual financial information;

6. With respect to the 2005 Certificates, material event notices were not timely filed for bond insurer rating downgrades in 2011 and 2013 and bond insurer upgrades in 2013 and 2014, nor an underlying rating upgrade in 2012, and the City for FY 2011 was late in filing the AFS and Annual Report by 19 days due to failing to file the unaudited versions of the AFS when the

audited version was unavailable prior to applicable deadline. The City did not in a timely manner file notice of late annual financial information; and

7. With respect to the 2002 CFD Bonds, the City for the fiscal year 2011 was late in filing the AFS by 51 days due to the failure to file the unaudited versions of the AFS when the audited version was unavailable prior to applicable deadline. The City did not in a timely manner file notice of late annual financial information;

The City recently undertook a review of its adopted Fiscal Policies and has revised its Fiscal Policies to include a formal continuing disclosure policy that will help assure compliance with existing and future continuing disclosure undertakings (including those for the Successor Agency) through creation of a disclosure practices working group including a City staff disclosure coordinator.

As previously described herein, the Prior Agency was statutorily dissolved on February 1, 2012, and the Agency commenced operations as of the same date. Therefore, the Prior Agency operated for only seven months in Fiscal Year 2011-12, and the Successor Agency operated for the last five months of Fiscal Year 2011-12. Commencing with the Comprehensive Annual Financial Report (i.e., audited financial statements) of the City for Fiscal Year 2011-12, the activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the DOF and available on its website as of February 4, 2013, interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post audit obligations. The final seven months of activity of the Prior Agency prior to its February 1, 2012 dissolution was reported in the governmental funds of the City in the Comprehensive Annual Financial Report for Fiscal Year 2011-12.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Prior Agency have been transferred to the City as the Successor Housing Authority after the dissolution date.

Financial Advisor

The Successor Agency has retained C.M. de Crinis & Co., Inc. (the "Financial Advisor"), as financial advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement or any of the other legal documents.

Miscellaneous

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

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

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA

By: /s/ Kenneth W. Striplin, Ed.D
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary is not to be considered a full statement of the terms of such documents and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this summary or in this Official Statement have the respective meanings set forth in the Indenture.

DEFINITIONS

"Act" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Adverse Change in State Law" means a change in State law, including any judicial decision, that adversely affects the ability of the Successor Agency to comply with or perform Section 5.1 Covenant 4 of the Indenture.

"Annual Debt Service" means, for any Bond Year, the principal and interest payable on the Outstanding Bonds and Parity Bonds in such Bond Year.

"Bond Counsel" means Norton Rose Fulbright US LLP, an attorney or firm of attorneys acceptable to the Successor Agency of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions.

"Bond" or "Bonds" means the Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds, Series 2017, authorized by and at any time Outstanding pursuant to the Indenture and any refunding bonds.

"Bond Year" means the twelve (12) month period commencing on October 2 of each year, provided that the first Bond Year shall extend from the Delivery Date to October l, 2017.

"Bondowner" or "Owner", or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative of any Outstanding Bond.

"Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

"Certificate" or "Certificate of the Successor Agency" means a Written Certificate of the Successor Agency.

"Chairperson" means the chairperson of the Successor Agency or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution or bylaw to perform the functions of the chairperson in the event of the chairman's absence or disqualification.

"City" means the City of Santa Clarita, State of California.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Successor Agency and accepted by Digital Assurance Certification, L.L.C., dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" means the corporate trust office of the Trustee at the address set forth in the Indenture, except for exchange, surrender and payment of the Bonds, in which case "Corporate Trust Office" will refer to the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted, or such other or additional offices as may be specified to the Successor Agency by the Trustee in writing.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the initial fees and expenses of the Trustee, rating agency fees, legal fees and expenses, costs of printing the Bonds and Official Statement, fees of financial consultants and other fees and expenses set forth in a Written Certificate of the Successor Agency.

"Costs of Issuance Fund" means the trust fund established by that name in the Indenture.

"County" means the County of Los Angeles, California.

"Debt Service Coverage" means, for each Bond Year, Pledged Tax Revenues divided by Annual Debt Service.

"Debt Service Fund" means that trust fund established by that name in the Indenture.

"Defeasance Securities" means (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination, unless the Insurer otherwise approves.

"Delivery Date" means the date on which the Bonds are delivered to the initial purchaser thereof.

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California.

"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 Agreement dated as of February 1, 2017, between the Successor Agency and the Escrow Bank relating to the defeasance of the Prior Bonds.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as escrow bank under the Escrow Agreement.

"Escrow Fund" means the escrow fund established under the Escrow Agreement.

"Executive Director" means the City Manager of the City acting on behalf of the Successor Agency as the Executive Director of the Successor Agency, or his or her designee, or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution or bylaw to perform the functions of the Executive Director in the event of the Executive Director's absence or disqualification.

"Finance Officer" means the Treasurer of the City acting on behalf of the Successor Agency as Treasurer or finance officer of the Successor Agency, or his or her designee, or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution or bylaw to perform the functions of the Finance Officer in the event of the Finance Officer's absence or disqualification.

"Fiscal Year" means any twelve (12) month period beginning on July 1st and ending on the next following June 30th.

"Fund or Account" means any of the funds or accounts referred to in the Indenture.

"Indenture" means the Indenture of Trust, dated as of February 1, 2017, between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., authorizing the issuance of the Bonds, as it may from time to time be amended or supplemented.

"Independent Financial Consultant" "Independent Engineer" "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Successor Agency, and who, or each of whom, has a favorable reputation in the field in which his/her opinion or certificate will be given, and: (1) is in fact independent and not under domination of the Successor Agency; (2) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds; and (3) 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 the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at http://emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the Successor Agency may designate in writing to the Trustee.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Bonds when due.

"Insured Bonds" mean the Bonds maturing on October 1 of the years 2022 through 2037, inclusive, and 2042.

"Insurer" or "Bond Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Interest Account" means the account by that name referenced in the Indenture.

"Interest Payment Date" means, with respect to the Bonds, April 1 and October 1, commencing April 1, 2017, so long as any of the Bonds remain Outstanding under the Indenture.

"Law" means the Community Redevelopment Law of the State of California as cited in the recitals of the Indenture.

"Maximum Annual Debt Service" means the largest of the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year: (1) the principal amount of all Outstanding Bonds and the amount of any sinking account payments payable in such Bond Year; and (2) the interest which would be due during such Bond Year on the aggregate principal amount of Outstanding Bonds if the Outstanding Bonds on the date of such computation were to mature or be redeemed in accordance with the maturity schedules for the Outstanding Bonds. At the time and for the purpose of making such computation, the amount of term Outstanding Bonds already retired in advance of the above-mentioned schedules shall be deducted pro rata from the remaining amounts thereon.

"Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Successor Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Successor Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous.

"Outstanding" means, when used as of any particular time with reference to the Bonds and Parity Bonds, subject to the provisions of the Indenture, all Bonds theretofore issued and authenticated under the Indenture, and, to the extent applicable, Parity Bonds permitted under the Indenture, except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and authenticated pursuant to the Indenture.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Successor Agency on parity with the Bonds as permitted by the Indenture.

"Paying Agent" means any paying agent appointed by the Successor Agency pursuant to the Indenture, and the Trustee shall be the initial Paying Agent.

"Permitted Investments" means: (a) for all purposes, including defeasance investments in refunding escrow accounts, Defeasance Securities; and (b) for all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Rural Economic Community Development Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing & Urban Development (PHAs), Federal Housing Administration;

(2) Direct obligations of 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 issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), Obligations of the Resolution Funding Corporation (REFCORP), Senior debt obligations of the Federal Home Loan Bank System, Senior debt obligations of other Government Sponsored Agencies;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund, rated "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries receive and retain a fee for services provided to the fund whether as a custodian, transfer agent, investment advisor or otherwise;

(6) Pre-refunded Municipal Obligations defined as follows: 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 (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on 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 (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(8) Investment Agreements with an entity rated "A" or higher by S&P; and;

(9) The Local Agency Investment Fund of the State or any state administered pooled investment fund in which the Successor Agency is statutorily permitted or required to invest will be deemed a permitted investment.

(c) The value of the above investments shall be determined as follows: (1) for the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, and Bank of America Merrill Lynch; (2) as to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and (3) as to any investment not specified above: the value thereof established by prior agreement among the Successor Agency and the Trustee.

"Pledged Tax Revenues" means all Tax Revenues less (i) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, and (ii) Statutory Pass-Through Amounts, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds.

"Principal Account" means the account by that name referenced in the Indenture.

"Prior Agency" means the Redevelopment Agency of the City of Santa Clarita.

"Prior Bonds" means the 2008 Nonhousing Bonds and the 2008 Housing Bonds.

"Prior Housing Indenture" means the Indenture dated as of June 1, 2008, by and between the Prior Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, providing for the issuance of the 2008 Housing Bonds.

"Prior Law" means the Community Redevelopment Law of the State of California (commencing with Health and Safety Code Section 33000) as it existed on or before June 29, 2011.

"Prior Nonhousing Indenture" means the Indenture dated as of June 1, 2008, by and between the Prior Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, providing for the issuance of the 2008 Nonhousing Bonds.

"Qualified Reserve Fund Credit Instrument" means (i) with respect to the Bonds, an irrevocable standby or direct pay letter of credit or surety bond issued by a financial institution or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) the financial institution or insurance company having, at the time of such delivery, unsecured debt obligations rated in at least the second highest rating category (without respect to any modifier) of S&P or Moody's, and, if rated by A.M. Best & Company, rated in the three highest rating categories by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account and the Sinking Account for the purpose of making payments required pursuant to the Indenture and (b) with respect to any Parity Bonds, such instrument as is set forth in the Supplemental Indenture or authorizing document relating to such Parity Bonds.

"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 Dissolution Act.

"Redemption Account" means the account by that name established in the Indenture.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to Health & Safety Code Section 34170.5 (b) and administered by the Successor Agency.

"Redevelopment Plan" means the Redevelopment Plan originally adopted and approved by Ordinance No. 97-12 of the City on July 8, 1997, together with any amendments thereof hereafter duly enacted pursuant to the Law.

"Redevelopment Project Area," "Redevelopment Project" or "Project Area" means, the Newhall Redevelopment Project Area described in the Redevelopment Plan.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to Health & Safety Code Section 34170.5(a) and administered by the County auditor-controller.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Regular Record Date" means the fifteenth calendar day of the month preceding any Interest Payment Date whether or not such day is a Business Day.

"Report" means a document in writing signed by an Independent Financial Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Fund" means the fund by that name referenced in the Indenture.

"Reserve Policy" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer and deposited into the Reserve Fund. As of the Delivery Date, the Reserve Policy is a Qualified Reserve Fund Credit Instrument.

"Reserve Requirement" means, as of the date of computation, an amount equal to the lesser of (i) 10% of the issue price (within the meaning of section 148 of the Code) of the Bonds, (ii) 125% of the average Annual Debt Service for that and every subsequent Bond Year, or (iii) the Maximum Annual Debt Service.

"Securities Depositories" means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Bonds or (ii) the Successor Agency discontinues use of the then Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Successor Agency.

"Sinking Account" means the account by that name in the Debt Service Fund held by the Trustee pursuant to the Indenture.

"Sinking Account Installment" means the amount of money required by the Indenture to be paid by the Successor Agency on any single date toward the retirement of any particular term bonds on or prior to their respective stated maturity dates.

"Sinking Account Payment Date" means any date on which Sinking Account Installments are scheduled to be paid with respect to the Bonds.

"State" means the State of California, United States of America.

"Statutory Pass-Through Amounts" means amounts paid to affected taxing agencies, if any, pursuant to Sections 33607.5 and/or 33607.7 of the Law and Section 34183 of the Dissolution Act.

"Supplemental Indenture" means any indenture then in full force and effect which has been duly adopted by the Successor Agency under the Dissolution Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Successor Agency duly convened and held, of which a quorum was present and acted thereon, amendatory of or supplemental to the Indenture or any indebtedness entered into in connection with the issuance of Parity Bonds; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

"Tax Certificate" means that certain Tax Certificate executed by the Successor Agency with respect to the Bonds.

"Tax Revenues" means the monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act that are equal to that portion of taxes levied upon taxable property in the Project Area eligible for allocation to the Successor Agency on or after the date of issue of the Bonds, pursuant to Article 6 of Chapter 6 of the Prior Law and Section 16 of Article XVI of the Constitution of the State. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Executive Director, Secretary or Finance Officer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

"2008 Housing Bonds" means the $8,850,000 City of Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008.

"2008 Nonhousing Bonds" means the $29,860,000 City of Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area).

THE INDENTURE

Security of Bonds; Equal Security

The Bonds will be equally secured by a pledge and lien on all of the Pledged Tax Revenues and all of the moneys in the Redevelopment Obligation Retirement Fund and the Debt Service Fund. The Bonds will be equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund or by the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and in the Reserve Fund to the Trustee for the benefit of the Owners of the Bonds, on a parity with the first pledge of and lien thereon of any Parity Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties 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.

In consideration of the acceptance of the Bonds by those who will own the same from time to time, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements therein set forth to be performed on behalf of the Successor Agency will 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.

Transfer and Exchange of Bonds

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds will be surrendered for registration of transfer, the Successor Agency will execute and the Trustee will authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee will collect any tax or other governmental charge on the transfer of any Bonds. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer will be paid by the Successor Agency. The Trustee may refuse to transfer either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee will collect any tax or other governmental charge on the exchange of any Bonds. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer will be paid by the Successor Agency. The Trustee may refuse to exchange either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Successor Agency, at the expense of the Owner of such Bond, will execute, and the Trustee will thereupon deliver, a new Bond of like amount and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it. If any Bond will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence is satisfactory to both and indemnity satisfactory to them will be given, the Successor Agency, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like amount and maturity in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Successor Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen will be at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued pursuant to the Indenture.

Costs of Issuance Fund

The Indenture establishes a separate fund to be known as the "Costs of Issuance Fund," which will be held by the Trustee in trust. The moneys in the Costs of Issuance Fund will be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written 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 the date which is three (3) months following the Delivery Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund will be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Trustee will close the Costs of Issuance Fund.

Covenants of the Successor Agency

As long as the Bonds are outstanding and unpaid, the Successor Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued thereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Pledged Tax Revenues.

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

No Priority. The Successor Agency further covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues prior or superior to the lien of the Bonds. Except for Parity Bonds issued to refund all or a portion of the Outstanding Bonds as permitted by the Indenture, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds authorized therein. Notwithstanding the foregoing, nothing in the Indenture will prevent the Successor Agency (i) from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds or (ii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

Compliance with the Law and Dissolution Act. The Successor Agency will comply with all of the requirements of the Law, including the Dissolution Act, with respect to the timely filing of each Recognized Obligation Payment Schedule. More specifically, prior to each February 1, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller, which shall include for payment on January 2 all scheduled interest, principal and mandatory sinking fund payments that are due and payable on all Bonds and Parity Bonds of the Successor Agency during the next ensuing calendar year, together with any amount required to replenish the Reserve Fund, and any amounts due and owing to an insurer under the Indenture or the Reserve Policy.

If, on January 2 of any year, the amount remitted by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund is less than the full amount specified in the preceding paragraph, then not later than February 1 of such year, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller, which will include the balance due for remittance on June 1 of such year.

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

Books and Accounts; Financial Statements. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries will be made of all transactions relating to the Redevelopment Project Area and the Pledged Tax Revenues and other funds relating to the Redevelopment Project Area. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year, in reasonable detail covering the Pledged Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the statement or statements to the Trustee and any rating agency which maintains a rating on the Bonds and, upon written request, to any Bondowner. The Trustee shall have no duty to review the Successor Agency's financial statements. The Successor Agency's financial statements may be included as part of the City's Comprehensive Annual Financial Report.

Eminent Domain Proceeds. The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it will take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Project Area.

Disposition of Property. The Successor Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date the Indenture is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in Pledged Tax Revenues to be less than the amount required for the issuance of Parity Bonds as provided in the Indenture, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Successor Agency.

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

Tax Covenants Relating to Bonds. The Successor Agency will not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on the Bonds to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Successor Agency will comply with each of the specific tax covenants in the Indenture.

Independent Redevelopment Consultant. The Successor Agency covenants that it will retain an Independent Redevelopment Consultant and, as long as any Bonds are Outstanding, cause the Independent Redevelopment Consultant to prepare an annual report for the Successor Agency and the dissemination agent named in the Continuing Disclosure Certificate, not later than December 31 of each year (commencing December 31, 2017), that includes the following: (i) Redevelopment Project Area taxable assessed valuation for the Fiscal Year ending June 30 of the next ensuing calendar year; (ii) Redevelopment Project Area base year assessed valuation; (iii) the taxable assessed valuation for each of the ten largest taxpayers in the Redevelopment Project Area for the Fiscal Year ending June 30 of the next ensuing calendar year; (iii) the total amount of Tax Revenues, including Pledged Tax Revenues, deposited into the Redevelopment Property Tax Trust Fund by the County Auditor-Controller since the previous report; (iv) the amount of Pledged Tax Revenues remitted by the County Auditor-Controller to the Trustee on each of January 2 and June 1 of the then-current calendar year; (v) the balance in the Reserve Fund as of the immediately preceding October 1; and (vi) the Debt Service Coverage for the Bond Year ending on the immediately preceding October 1.

Adverse Change in State Law. If, due to an Adverse Change in State Law, the Successor Agency determines that it cannot comply with the compliance with the Law and Dissolution Act covenant, then the Successor Agency will immediately notify the Trustee in writing of such determination. The Successor Agency will immediately seek a declaratory judgment or take other appropriate action in a court of competent jurisdiction to determine the duties of all parties to the Indenture with regard to the performance of such covenant by the Successor Agency. The Trustee may, but will not be obligated to, participate in the process of seeking any such declaratory judgment. Any fees and expenses incurred by the Trustee (including, without limitation, legal fees and expenses) in connection with such participation will be borne by the Successor Agency.

Further Assurances. The Successor Agency covenants and agrees to 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 of the rights and benefits provided in the Indenture.

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

Investment of Moneys in Funds and Accounts

Subject to the provisions of the Indenture, all moneys held by the Trustee in the Debt Service Fund, the Reserve Fund and the Costs of Issuance Fund, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee will request such written direction from the Successor Agency and, pending receipt of instructions, will hold such funds uninvested.

Moneys in the Redevelopment Obligation Retirement Fund will be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund. Moneys in the Interest Account, the Principal Account, the Sinking Account and Redemption Account of the Debt Service Fund will be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest, principal, sinking account or redemption payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date. Moneys in the Reserve Fund shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Reserve Fund.

Obligations purchased as an investment of moneys in any of the Funds or Accounts will be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment will be credited to such Fund or Account and any loss resulting from any authorized investment will be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, will sell or present for redemption any obligation purchased whenever it will be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by the Indenture and will incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest

Account, Principal Account, Sinking Account, Redemption Account or Reserve Fund, to the extent they exceed the amount required to be in such Account, will be transferred prior to each Interest Payment Date to the Debt Service Fund. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Indenture. The Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Indenture. The Trustee will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Successor Agency. 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. 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 or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Modification or Amendment of the Indenture

Amendment Without Consent of Owners. The Indenture and the rights and obligations of the Successor Agency, the Insurer and of the Owners may be modified or amended at any time by a Supplemental Indenture which will become binding upon adoption, without consent of any Owners but with the consent of the Insurer, to the extent permitted by law and any for any one or more of the following purposes: (i) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any rights or power therein reserved to or conferred upon the Successor Agency; or (ii) 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 will not materially adversely affect the interests of the Owners; or (iii) to provide for the issuance of Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, including but not limited to the establishment of Redevelopment Obligation Retirement Funds and accounts relating thereto and any other provisions relating solely thereto; or (iv) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel.

Amendment With Consent of Owners. Except as set forth in 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 will become binding when the written consent of the Insurer and of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment will (i) 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 premiums (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, (ii) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Trustee will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

No contract will be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to thereto and all Owners, as the case may be, will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture will 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, the Successor Agency may determine that any or all of the Bonds will 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 will present such Bonds for that purpose at the Corporate Trust Office, and thereupon a suitable notation as to such action will be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds will 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 will present such Bonds for exchange at the Corporate Trust Office, without cost to such Owners.

Events of Default and Remedies of Owners

Events of Default and Acceleration of Maturities. The following events constitute Events of Default under the Indenture: (i) if default will be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same becomes due and payable, whether at maturity as therein expressed, by declaration or otherwise; (ii) if default will be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (i), and such default has continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or (iii) if the Successor Agency commences a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may (with the prior written consent of the Insurer), or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee will, by written notice to the Successor Agency, (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 will become immediately due and payable, and (b) upon receipt of indemnity to its satisfaction exercise any other remedies available to the Trustee and the Owners in law or at equity.

Upon becoming aware of the occurrence of an Event of Default, the Trustee will give notice of such Event of Default to the Successor Agency and the Insurer by telephone confirmed in writing. Such notice will also state whether the principal of the Bonds has been declared to be or has immediately become due and payable. With respect to any Event of Default described in clauses (i) or (iii) above the Trustee will, and with respect to any Event of Default described in clause (ii) above the Trustee in its sole discretion may, also give such notice to the Successor Agency, the Insurer and the Owners in the same manner as provided for notices of redemption of the Bonds, which will include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee has declared the Bonds to become due and payable (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 has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Successor Agency will 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 net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including but not limited to attorneys' fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds and due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate 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 will extend to or affect any subsequent default, or impair or exhaust any right or power consequent thereon.

Upon the occurrence of an event of default, the Trustee may, with the consent of a majority of the Holders, by written notice to the Successor Agency, declare the principal of the Bonds and Parity Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable.

Notwithstanding the foregoing, the maturity of Insured Bonds will not be accelerated without the consent of the Insurer and in the event the maturity of the Insured Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee will be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Insured Bonds will be fully discharged.

Application of Funds Upon Acceleration. All of the Pledged 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, and all sums thereafter received by the Trustee under the Indenture, will be applied by the Trustee in the order following, upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel including all sums owed the Trustee;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds and Parity Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds and Parity Bonds (to the extent that such interest on overdue installments of principal and interest has been collected), and amounts, if any, due and owing to the Insurer under the Insurance Policy or the Reserve Policy pursuant to the Indenture, and in case such moneys will be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Bonds, then to the payment of such principal and interest and such amounts due and owing to the Insurer, without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond or Parity Bond over any other Bond or Parity Bond; and

Third, the payment of any amounts due and owing the Insurer in connection with the Insurance Policy or the Reserve Policy.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, has 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 in 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 will 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 in principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owner's Right to Sue. No Owner of any Bond issued under the Indenture will 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 has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have made written request upon the Trustee to exercise the powers thereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus in its own name; (c) said Owners 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 has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, 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 have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provisions of the Indenture will be instituted, had and maintained in the manner therein provided 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, will not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions or any other provision of the Indenture.

Non-waiver. Nothing in the Indenture or in the Bonds, will affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged 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 on the respective Interest Payment Dates, as therein provided, 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 will not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Dissolution Act or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy will be abandoned or determined adversely to the Owners, the Successor Agency and the Owners will 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 has 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 appointed (and the successive respective Owners by taking and holding the Bonds or Parity Bonds, as applicable, will 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, provided the Trustee will have no duty or obligation to enforce any such right or remedy if it has not been indemnified to its satisfaction from loss, liability or any expense including, but not limited to reasonable fees and expenses of its attorneys.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Owners under the Indenture is intended to be exclusive of any other remedy. Every such remedy will be cumulative and in addition to every other remedy given thereunder or now or thereafter existing, at law or in equity 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.

Discharge of Indenture

If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways: (a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all Outstanding Bonds, including all principal, interest and redemption premiums, (if any), or (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all Outstanding Bonds, including all principal, interest and redemption premiums (if any), or (c) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged 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 all Outstanding Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

To accomplish defeasance of the Insured Bonds, the Successor Agency will cause to be delivered to the Insurer (i) a report of an Independent Certified Public Accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which will be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Insured Bonds; each Verification and defeasance opinion will be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and Insurer. The Insurer will be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Bonds are deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Unclaimed Moneys

Anything contained in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium (if any) and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, will be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

Provisions Relating to Bond Insurance

Notwithstanding anything in the Indenture to the contrary, so long as the Insurance Policy is in effect, the following provisions will govern.

The prior written consent of the Insurer will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Fund will be applied solely to the payment of debt service due on the Bonds.

The Insurer will be deemed to be the sole Owner of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Insured Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Bond, the Trustee (solely with respect to Insured Bonds) and each Owner of Insured Bonds appoint the Insurer as their agent and attorney-in-fact with respect to the Insured Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the Successor Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to Insured Bonds) and each Owner of Insured Bonds delegate and assign to the Insurer, to the fullest extent permitted by law, the rights with respect to the Insured Bonds of the Trustee and each Owner of Insured Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners will expressly include mandamus.

No grace period for a covenant default will exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period will be permitted for payment defaults. The Insurer is a third party beneficiary to the Indenture.

Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured Bonds to be redeemed will be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured Bonds in lieu of redemption will require the prior written approval of the Insurer if any Insured Bond so purchased is not cancelled upon purchase.

Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Owners of the Insured Bonds or adversely affects the rights and interests of the Insurer will be subject to the prior written consent of the Insurer.

The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer'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 the Insurer, 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 the Insurer.

Amounts paid by the Insurer under the Insurance Policy will not be deemed paid for purposes of the Indenture and the Insured Bonds relating to such payments will remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture will not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for. Each of the Successor Agency and the Trustee covenant and agree 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 pledge of the Pledged Tax Revenues under applicable law.

Claims Upon the Insurance Policy and Payments by and to the Insurer

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee will give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee will make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee will designate any portion of payment of principal on Insured Bonds paid by the Insurer, 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 Bondholder, whether DTC or its nominee or otherwise, and will issue a replacement Insured Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., 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 rights of the Insurer.

The Trustee will keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer will have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee will establish a separate special purpose trust account for the benefit of Owners of the Insured Bonds referred to in the Indenture as the "Policy Payments Account" and over which the Trustee will have exclusive control and sole right of withdrawal. The Trustee will receive any amount paid under the Insurance Policy in trust on behalf of Owners of the Insured Bonds and will deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts will be disbursed by the Trustee to the Owners of the Insured Bonds in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections regarding payment of Bonds. It will not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "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 (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the Bonds. The Successor Agency agrees to include any Insurer Reimbursement Amounts due and owing to the Insurer in the Recognized Obligation Payment Schedules to be prepared and submitted in accordance with the Indenture.

Funds held in the Policy Payments Account will not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date will promptly be remitted to the Insurer.

The Insurer will, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy, which subrogation rights will also include the rights of any such recipients in connection with any Insolvency Proceeding. Each obligation of the Successor Agency to the Insurer under the Related Documents will survive discharge or termination of such Related Documents.

The Successor Agency will pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

After payment of reasonable expenses of the Trustee, the application of funds realized upon default will be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

The Insurer will be entitled to pay principal or interest on the Insured Bonds that will become Due for Payment but will be 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 the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

The Insurer will be provided with the following information by the Successor Agency or Trustee, as the case may be: (a) annual audited financial statements within 210 days after the end of the Successor Agency's fiscal year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default under the Indenture), and the Successor Agency's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer will reasonably request from time to time; (b) notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds; (c) notice of any default known to the Trustee or the Successor Agency within five Business Days after knowledge thereof; (d) prior notice of the advance refunding or redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof; (e) notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto; (f) notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding"); (g) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Bonds; (h) a full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and (i) all reports, notices and correspondence to be delivered to the Owners under the terms of the Related Documents.

All information furnished pursuant to the Continuing Disclosure Certificate will also be provided to the Insurer, simultaneously with the furnishing of such information. The Insurer will have the right to receive such additional information as it may reasonably request. 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 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice. The Trustee will notify the Insurer of any failure of the Successor Agency to provide notices, certificates and other information to the Trustee as required under the Indenture.

Notwithstanding satisfaction of the other conditions to the issuance of Parity Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default will be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Parity Bonds, in either case unless otherwise permitted by the Insurer.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Trustee will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

No contract will be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

With respect to the Recognized Obligation Payment Schedules: (i) if any amounts payable to the Insurer are not on the next Recognized Obligation Payment Schedule the Successor Agency will amend such schedule to the extent permitted by law and (ii) the Successor Agency will only submit a "last and final" Recognized Obligation Payment Schedule with the Insurer's prior consent.

Draws Against the Reserve Policy

Notwithstanding anything in the Indenture to the contrary, so long as the Reserve Policy is in effect, the following provisions will govern.

The Successor Agency will repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by Insurer and will pay interest thereon from the date of payment by Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) 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 ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will 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 will be the publicly announced prime or base lending rate of such national bank as Insurer will specify. If the interest provisions of this subparagraph will result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question will, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess will be applied upon principal immediately upon receipt of such moneys by Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event will any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") will commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. The Successor Agency will take all actions required by the Dissolution Act to ensure that Policy Costs are paid to Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for the payment of such Policy Costs when due.

Amounts in respect of Policy Costs paid to Insurer will 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 Insurer 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 to pay Policy Costs will be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Fund will be transferred to the Debt Service Fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other Qualified Reserve Fund Credit Facility. Payment of any Policy Costs will be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Fund Credit Facilities (including the Reserve Policy) on which there is available coverage will 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 Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Fund Credit Facilities will be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative 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.

If the Successor Agency will fail to pay any Policy Costs, Insurer will 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 Bonds or (ii) remedies which would adversely affect owners of the Bonds. The Indenture will not be discharged until all Policy Costs owing to Insurer will have been paid in full. The Successor Agency's obligation to pay such amounts will expressly survive payment in full of the Bonds. The Successor Agency will include any Policy Costs then due and owing Insurer in the calculation of the Parity Bonds test in the Indenture.

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

February __, 2017

$34,800,000 Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as Bond Counsel to the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency"), in connection with the issuance of its $34,800,000 Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"). The Bonds are being issued under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and pursuant to an Indenture of Trust, dated as of February 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Bonds are limited obligations of the Successor Agency secured under the Indenture by a pledge of Pledged Tax Revenues and certain other moneys held under the Indenture.

In our capacity as Bond Counsel, we have reviewed the Indenture, certifications of the Successor Agency, the Trustee and others, opinions of counsel to the Successor Agency and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding limited obligations of the Successor Agency as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Successor Agency and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Pledged Tax Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. Under existing law, and assuming compliance with the covenants mentioned below, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") from the gross income of the owners thereof for federal income tax purposes. We are further of the opinion that under existing law, the Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by

section 55 of the Code; however, receipt or accrual of interest on Bonds owned by a corporation may affect the computation of its alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed. We are further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Indenture, and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986* being delivered by the Successor Agency in connection with the issuance of the Bonds, the Successor Agency is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by the Successor Agency with its covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

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

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

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

Respectfully submitted,

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing 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.

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

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

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

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

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

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

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

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

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

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APPENDIX D

Upon the issuance of the Bonds, the Successor Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate"), dated February 23, 2017, is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency"), for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Certificate shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Certificate.

"Annual Filing Date" means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Certificate.

"Audited Financial Statements" means the financial statements (if any) of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Certificate.

"Bonds" means $34,800,000 Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds, Series 2017.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, required to be submitted to the MSRB under this Disclosure Certificate. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Representative" means the Treasurer of the Successor Agency or his or her designee, or such other person as the Successor Agency shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Disclosure Dissemination Agent" shall mean Digital Assurance Certification LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Failure to File Event" means the Successor Agency's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Certificate.

"Holder" means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, and the Failure to File Event notices.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 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 Marketplace Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Certificate.

"Obligated Person" means any person, including the Successor Agency, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). With respect to the Bonds, only the Successor Agency constitutes the Obligated Person.

"Official Statement" means that Official Statement, dated February __, 2017, prepared by the Successor Agency in connection with the Bonds.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, dated as of February 1, 2017, by and between the Successor Agency and the Trustee, as amended and supplemented, providing for the issuance of the Bonds.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The Successor Agency shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2015-16. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Certificate.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Successor Agency of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Successor Agency will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Successor Agency irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Successor Agency are prepared but not available prior to the Annual Filing Date, the Successor Agency shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Successor Agency pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Certificate:

1. “Principal and interest payment delinquencies;”

2. “Non-Payment related defaults, if material;”

3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”

4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”

5. “Substitution of credit or liquidity providers, or their failure to perform;”

6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”

7. “Modifications to rights of securities holders, if material;”

8. “Bond calls, if material;”

9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”

12. “Tender offers;”

13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”

14. “Merger, consolidation, or acquisition of the obligated person, if material;” and

15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Certificate, as applicable), promptly file a completed copy of Exhibit A to this Disclosure Certificate with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Certificate;

(f) The Successor Agency may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Certificate and that is accompanied by a Certification and all other information required by the terms of this Disclosure Certificate will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain an update of the following information with respect to the Successor Agency's preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (b) below):

(i) An update for the last fiscal year of the financial information in "Table 2 – Largest Taxpayers," and "Table 4 – Historical Tax Increment Revenues," "Table 5 - Historical Levy And Collections" (unless Teeter applies), "Table 9 – RPTTF Deposits" (but only with respect to the most recently ended fiscal year), located in the Official Statement;

(ii) An update on debt service coverage with respect to the most recently ended fiscal year, which information may be presented similarly to "Table 11 - Projected Pledged Tax Revenues And Debt Service Coverage" located in the Official Statement; and

(iii) An update on "THE REDEVELOPMENT PROJECT AREA- Assessment Appeals" (to the extent based on actual appeal information and not estimates) located in the Official Statement.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will also be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Successor Agency is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Successor Agency will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

    Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, 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 governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive Certificate to undertake such an action or the termination of a definitive Certificate relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Successor Agency shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the Successor Agency desires to make, contain the written authorization of the Successor Agency for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Successor Agency desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Successor Agency or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Successor Agency determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the Successor Agency desires to make, contain the written authorization of the Successor Agency for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Successor Agency desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Successor Agency as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. <u>CUSIP Numbers</u>. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, and Failure to File Event notices, the Successor Agency shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. <u>Additional Disclosure Obligations</u>. The Successor Agency acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Successor Agency, and that the failure of the Disclosure Dissemination Agent to so advise the Successor Agency shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Certificate. The Successor Agency acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Certificate.

SECTION 7. <u>Voluntary Filings</u>. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Certificate or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, in addition to that required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Successor Agency and the Disclosure Dissemination Agent under this Disclosure Certificate shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Successor Agency is no longer an Obligated Person with respect to such Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required with respect to such Bonds.

SECTION 9. Disclosure Dissemination Agent. Digital Assurance Certification LLC will serve as the initial Disclosure Dissemination Agent under this Disclosure Certificate. The Successor Agency may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of the Disclosure Dissemination Agent, whether by notice of the Successor Agency or the Disclosure Dissemination Agent, the Successor Agency agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Certificate for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Successor Agency shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Successor Agency.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Successor Agency or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Certificate, the Holders' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Disclosure Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. and the Successor Agency agrees to indemnify and save the Disclosure Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Certificate or arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Disclosure Dissemination Agent's negligence or willful misconduct. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Successor Agency has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Certificate. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Successor Agency and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Successor Agency's failure to report to the Disclosure Dissemination

Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Successor Agency has complied with this Disclosure Certificate. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Successor Agency at all times.

The obligations of the Successor Agency under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Successor Agency.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency and the Disclosure Dissemination Agent may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Successor Agency and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Successor Agency nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right but not the duty to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Successor Agency. No such amendment shall become effective if the Successor Agency shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Trustee of the Bonds, the Disclosure Dissemination Agent, the participating underwriters (as defined in the Rule), and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

The Successor Agency has caused this Disclosure Certificate to be executed, on the date first written above.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA

By:____
Kenneth W. Striplin, Executive Director

ACCEPTED AND AGREED TO:

DIGITAL ASSURANCE CERTIFICATION LLC,
as Disclosure Dissemination Agent

By:____________________________________
Name: _________________________________
Title:__________________________________

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	Successor Agency to the Redevelopment Agency of the City of Santa Clarita
Obligated Person:	City of Santa Clarita, California
Name of Bond Issue:	$34,800,000 Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds, Series 2017
Date of Issuance:	February 23, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Certificate of the Successor Agency. The Successor Agency anticipates that the Annual Report will be filed by ____________.

Dated: ______, 20__

Digital Assurance Certification LLC, as Disclosure Dissemination Agent

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APPENDIX E

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016

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CITY OF SANTA CLARITA, CALIFORNIA

comprehensive annual financial report

Fiscal Year Ended June 30, 2016

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CITY OF SANTA CLARITA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY THE DEPARTMENT OF ADMINISTRATIVE SERVICES
CITY OF SANTA CLARITA, CALIFORNIA

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CITY OF SANTA CLARITA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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CITY OF SANTA CLARITA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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CITY OF SANTA CLARITA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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FINANCIAL SECTION (CONTINUED)

STATISTICAL SECTION

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

City of
SANTA CLARITA

23920 Valencia Boulevard • Suite 300 • Santa Clarita, California 91355-2196
Phone: (661) 259-2489 • FAX: (661) 259-8125
www.santa-clarita.com

December 22, 2016

Honorable Mayor, Mayor Pro Tem, and City Councilmembers:

The Comprehensive Annual Financial Report (CAFR) of the City of Santa Clarita for fiscal year ended June 30, 2016, is hereby submitted in accordance with Chapter 2.12 of the City of Santa Clarita Municipal Code. This report provides the City Council and the public with an understanding of the financial condition of the City.

This report consists of management's representations concerning the finances of the City of Santa Clarita. As such, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive framework of internal controls that is designed to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Santa Clarita.

State Law requires the City to prepare an annual financial report. This report fulfills that obligation. Vavrinek, Trine, Day & Co., LLP, an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the financial statements of the City of Santa Clarita for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report. The CAFR has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB). These reporting requirements specify that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A, which immediately follows the independent auditor's report, complements this letter of transmittal and should be read in conjunction with it.

Also, as a recipient of federal and state financial assistance, the City is required to have a "Single Audit" performed by our independent audit firm. The Single Audit was designed to meet the special needs of the federal grantor agencies. The standards governing the Single Audit engagements require that the independent auditor report on the fair presentation of the financial statements and 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's separately issued Single Audit Report.

CITY PROFILE

The City of Santa Clarita was incorporated on December 15, 1987, as a General Law City, and operates under a City Council/City Manager form of government. It is located between the Santa Susana and San Gabriel mountain ranges, approximately 35 miles northwest from the City of Los Angeles. It is encompassed by the communities of Canyon Country, Newhall, Saugus, and Valencia encompassing approximately 66 square miles. With a population of 225,512, the City is the third largest in Los Angeles County and 17th largest in the State of California. Santa Clarita offers an expansive parks and recreation network, with 33 beautiful park facilities, more than 8,745 acres of City-owned open space and 140 miles of trails and paseos designed for commuting and recreational use, including walking, hiking, biking and skating. The City's unique blend of upscale sophistication with small town charm and old-west heritage allows it to accommodate growth while continuing to provide an excellent quality of life for residents.

The City of Santa Clarita's five City Councilmembers are elected at large to four-year overlapping terms, with elections held bi-annually. The position of Mayor is annually selected by the Councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting policy, and appointing committees. The City Council appoints the City Manager, who is responsible for implementing the policies of the Council, overseeing the day-to-day operations of City government, and for appointing and managing the various Directors. The City Council also appoints the City Attorney.

The City provides, either directly or under contract, a full range of municipal services including public safety, construction, maintenance of streets and other infrastructure, public libraries, public works, parks and recreation, community development, and cultural events. The City also provides services through the Santa Clarita Public Financing Authority (PFA), which is a blended component unit of the City of Santa Clarita. The financial activities of this entity are included in this report, as their activities are under the control of the City. A separate component unit report for the Santa Clarita PFA is also available.

The City operates on a fiscal year basis which begins July 1 and ends June 30. The City's Municipal Code requires the City Manager to prepare a budget and present it to the City Council each year. The budget process begins by January of each year and is carried out under the direction of the City Manager in cooperation with the various City departments. The proposed operating and capital budget is submitted by the City Manager to City Council for adoption by June 30, to take effect at the beginning of the fiscal year on July 1. Budgetary control for the City is maintained through its accounting systems. Once adopted, the budget may be amended throughout the year as necessary. Budgetary control is established at the category level within each fund.

LOCAL ECONOMY

The City of Santa Clarita is one of Southern California's most desirable places to live and do business. City officials pride themselves on the organization's ability to balance the needs of locally based companies with those of the community, resulting in an unmatched quality of life.

We continue to see positive changes in the economy, such as an increase in sales tax revenues and a recovering housing market. The City has a 100 percent track record for adopting a balanced, on-time budget, with ample reserves and contingency funds. Fiscal Year 2015-16 was successful and stable for the City due to prudent fiscal planning.

Targeted employment sectors in Santa Clarita include aerospace/defense, advanced manufacturing, medical/biomedical, digital media/entertainment, and information technology. This past year Logix Federal Credit Union announced the relocation of their headquarters to the Santa Clarita Valley and we welcomed the opening of Sunkist headquarters, providing high quality jobs for our community. A number of restaurants have signed leases including the Cheesecake Factory and Saddle Ranch Chop House. City Council also approved a purchase and sale agreement with a development partner to bring a 7-screen Laemmle Theatre, 20,000+ square feet of retail space and a parking structure with 374 parking spaces.

Retail vacancy rates are steady, currently at 4.3 percent compared to 4.8 percent in the 2nd Quarter of 2015. The same is true for industrial vacancy rates, which are at 3.1 percent, a slight increase from 3 percent in the 2nd Quarter of 2015. Office space in the City is currently a 9 percent vacancy rate in the 2nd Quarter of 2016.

The City's Film Office enjoyed another strong year. In Fiscal Year 2015-16, filming in Santa Clarita meant an economic impact of $30.9 million to the local economy from location filming. Santa Clarita is home to more than 20 sound stages, 10 movie ranches, and hundreds of film-related businesses. Network television shows like "NCIS," "Switched at Birth," "Westworld," "Recovery Road," "Blunt Talk," and "Stitchers," are based in Santa Clarita and regularly film on location within the City. Popular locally-based show, NCIS celebrated its 300th episode.

Tourism continues to be one of the City of Santa Clarita's largest economic generators contributing more than $3.8 million to the general fund from Transient Occupancy Tax (TOT) in Fiscal Year 2015-16. The sixth year of the Tourism Marketing District (TMD), a collaborative assessment program and partnership between the City and five local hotels, grew upon previous success and collected over $725,000 in support of increased marketing and promotion of Santa Clarita as a tourism destination. TMD dollars are a vital component of the area's continued attraction of events and visitors, which translates to dollars spent in the community and at local businesses. The following events are just a few that were attracted as part of the City's increased event attraction efforts: California Super States Chess Championships, American Special Hockey Association, The Master's College Collegiate Golf Tournament, Valencia Trail Race, Real So Cal SCV Cup, Triple Crown Softball, Junior Olympic Swim Meet, US Bowling California Association Tournament, Under Armor Alison Lee Jr. Golf Championship and the Bonspiel Curling Tournament. The City also attracted the return of two internationally sanctioned events, including the Amgen Tour of California, returning to the City for the 8th year, and the 3rd Annual Wings for Life World Run.

Santa Clarita recognizes the important role education plays in the success of the community. The City is home to three premier colleges, including California Institute of the Arts (CalArts), College of the Canyons, and The Masters College. These colleges offer world-class instruction and programming to prepare students to become the next generation of business professionals and leaders.

LONG -TERM FINANCIAL PLANNING

Santa Clarita is one of California's model cities, boasting the essential elements needed for well-balanced living and total well-being. Santa Clarita remains one of the safest cities in California among cities with populations exceeding 150,000. Santa Clarita is home to a well-educated population, with more than 70 percent of adults over age 25 and older having attained some college or higher, as compared to Los Angeles County, which averages 56.2 percent.

The City of Santa Clarita has experienced steady growth since its inception in 1987, and City officials work directly with the private and public sectors to attract new businesses to the Santa Clarita Valley. The City of Santa Clarita is focused on retaining existing companies and encouraging their growth within the City while working to attract new business, thereby creating new jobs for residents. Santa Clarita has set an aggressive goal of creating two jobs for every household, whereby providing an increased opportunity for residents to work close to home.

The continuing recovery in our economy has directly affected the City's revenue growth, producing increases in property tax, sales tax, real property transfer tax, and TOT.

The City provides necessary funding for essential services for City Council and community identified priorities, while taking steps to ensure the City remains in good financial health. Twice per year, the City prepares extended forecasts for the General Fund to determine the future impact of current actions. These forecasts indicate a stable General Fund over the next few years, primarily due to projected marginal increases in sales, property taxes, and property taxes in lieu of vehicle license fees. However, because the City of Santa Clarita has practiced smart growth in successful financial times, the City is well prepared for times when revenue projections do not include growth.

The City maintains a General Fund balance sufficient to provide for various identified contingencies, as well as an established operating reserve. In addition, the General Fund contributes annually to the City's facilities fund, which provides for major maintenance and replacement of infrastructure and capital improvements. The City's Capital Improvement Program (CIP) is a component of the annual budget process that addresses the City's short- and long-term capital needs. Just as important, the CIP emphasizes a plan of action that effectively maintains the existing infrastructure to a sound physical standard, as well as providing new facilities to support current growth and complement new development.

MAJOR MILESTONES IN FISCAL YEAR 2015-16

- The Santa Clarita Film Office had another strong year, processing 528 permits in Fiscal Year 2015-16 with a recorded 1,305 film days. The estimated total economic impact from location filming was $30.9 million .

- Improving, maintaining, and adding to the City's infrastructure continues to be a high priority and focus for the City. During Fiscal Year 2015-16, the City completed the beautification and improvement project of Sierra Highway from Via Princessa to Soledad Canyon Road, updating medians and adding a triple turn pocket from northbound Sierra Highway onto westbound Soledad Canyon Road to improve traffic flow at the intersection; finished the widening of the Lost Canyon Road Bridge next to the Santa Clara River, adding 4-foot shoulders along both sides of the existing travel lanes; completed another successful year of the slurry seal and overlay project, resurfacing over 180 streets; and completed the Golden Valley Road bridge widening project at the 14 Freeway, widening the bridge from two through lanes to four lanes, adding left turn lanes for both directions of the 14 Freeway and adding a protected bike and pedestrian path.

- Santa Clarita continues to be proactive in addressing teen drug use. To raise awareness about drug availability and use, the City continued to reach out to parents and families and provide assistance to those in need. The City's Drug Free Youth In Town (DFYIT) program continues to grow, with a total of over 2,600 teens pledging to stay sober and engaged in meaningful, healthy activities on every junior and senior high school campus in the Santa Clarita Valley.

- Santa Clarita Public Library continues to thrive in its fifth year of operation. The three branches saw over 819,000 patron visits, issued 14,290 new library cards, circulated more than 1.4 million books and materials, and the library website had over 600,00 visits last year.

- Special events hosted by the City attracted visitors from across the globe. Santa Clarita hosted the Amgen Tour of California bike race and the International Wings for Life World Run, in addition to the annual Marathon in November. The City also worked with community partners to host the Thursdays@Newhall event series, which includes JAM Sessions, Revved up, Senses, the ARTree Speaker

Series and the SCVTV Presents OutWest Concert Series. The City's Cowboy Festival had its second year in Old Town Newhall and adjacent Hart Park with high attendance.

AWARDS AND ACKNOWLEDGEMENTS

The City of Santa Clarita was recognized many times throughout the year, being ranked by Parenting.com as the third safest city in America. SafeWise.com named Santa Clarita as one of the 50 safest cities in California, and 24/7 Wall St. named the City "America's 20th Best City to Live", the only California city to rank in the top 20. Additionally, Only in Your State named Santa Clarita the No. 1 Best City for Retirement in Southern California stating, "Santa Clarita offers the perfect blend of refined living in a community that still has a small town feel."

The City of Santa Clarita also won various awards including: the 2015 Helen Putnam Award of Excellence from the League of California Cities in Economic Development through the Arts category for the revitalization of Old Town Newhall, and the Bronze Level Bicycle Friendly Community Award was received in 2015 for the City's extensive bike paths, trails, and paseos established around the City with access year round and the Bike Santa Clarita website.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 27th consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy GAAP and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the requirements of the GFOA Certificate of Achievement Program, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received a Certificate of Excellence Award from the Association of Public Treasurers of the United States and Canada for Santa Clarita's Investment Policy. The City annually submits its Investment Policy to the Association's Investment Policy Certification Committee for award consideration and has received the prestigious Certificate of Excellence Award for the past 21 years.

This report is a joint effort by many people from many different areas of responsibility. The preparation of this report could not have been accomplished without the hard work and team effort of the staff of the Finance Division, in particular, Financial Analysts, Susan Cromsigt, Mary Ann Ruprecht, Jan Downey, Brittany Houston, Blanca Gomez, and Lisett Bautista. I would like to express my appreciation to all members of the Division who assisted and contributed to its preparation. I would also like to thank the

Mayor; Mayor Pro Tem; Councilmembers; City Manager, Ken Striplin; Assistant City Manager, Frank Oviedo; Deputy City Manager, Darren Hernández, Director of Public Works, Robert Newman; Director of Community Development, Tom Cole; and Director of Recreation, Community Services, Arts, and Open Space, Rick Gould, for their continuing efforts in administering the financial operations of the City in a conservative and responsible manner.

Sincerely,

Carmen Magaña
Director of Administrative Services/City Treasurer

CM:SC:hds
Carmen\Correspondence

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Clarita

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

OFFICIALS OF THE CITY OF SANTA CLARITA
As of June 30, 2016

City Council

Bob Kellar	MAYOR
Dante Acosta	MAYOR PRO TEM
Marsha McLean	COUNCILMEMBER
TimBen Boydston	COUNCILMEMBER
Laurene Weste	COUNCILMEMBER

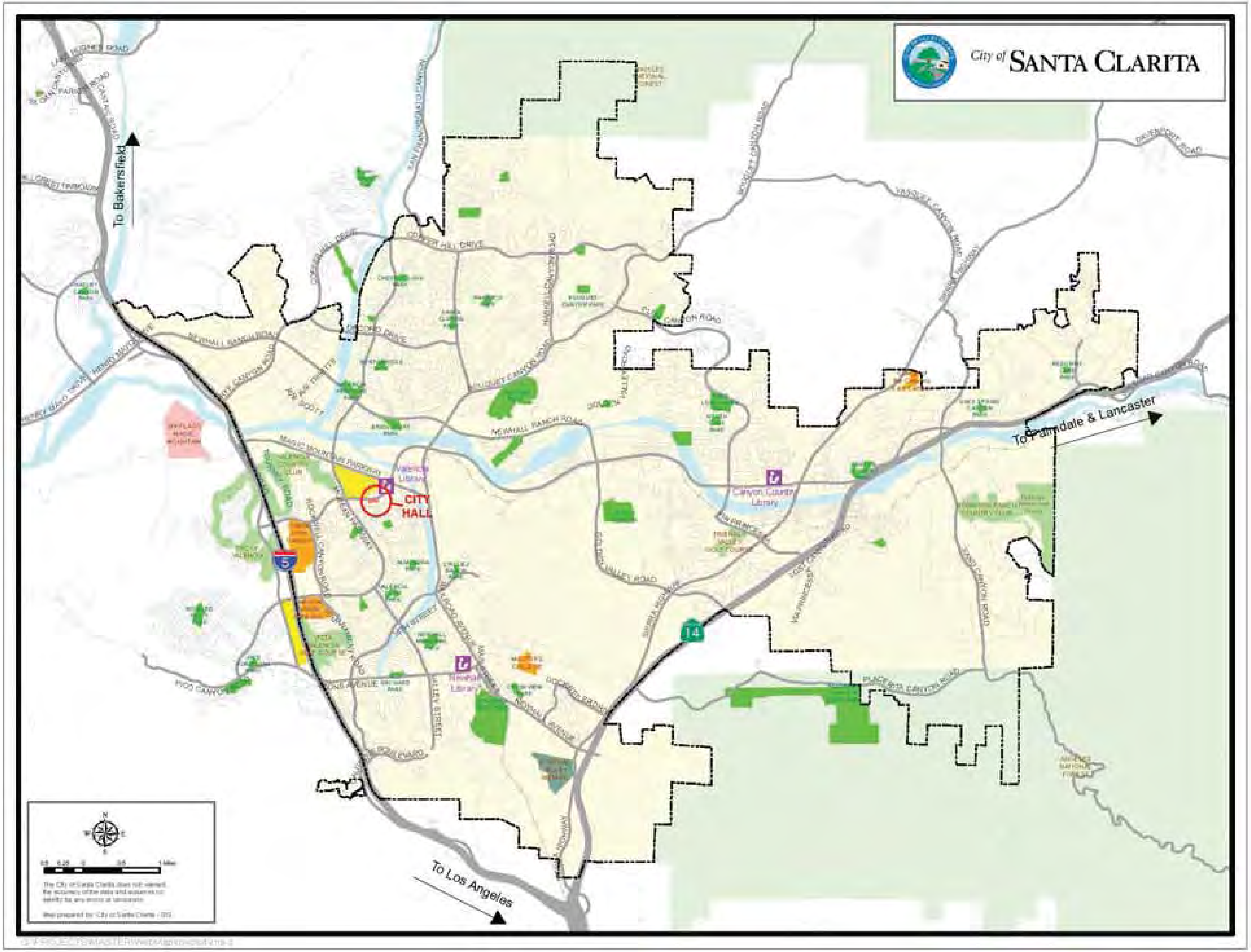
City Officials

Ken Striplin	CITY MANAGER
Frank Oviedo	ASSISTANT CITY MANAGER
Darren Hernández	DEPUTY CITY MANAGER
Joseph Montes	CITY ATTORNEY
Tom Cole	DIRECTOR OF COMMUNITY DEVELOPMENT
Richard Gould	DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES
Robert Newman	DIRECTOR OF PUBLIC WORKS/CITY ENGINEER

City of Santa Clarita

ORGANIZATION CHART
As of June 30, 2016

- Santa Clarita Residents
  - City Council
    - City Manager
      - Administrative Services
        - Finance
        - Technology Services
        - Special Districts
        - Transit
        - Public Library
        - Urban Forestry
        - City Clerk
      - Community Development
        - Planning
        - Community Preservation
        - Redevelopment
        - Community Dev. Block Grant
        - Economic Development
      - Public Works
        - Engineering
        - Traffic Engineering
        - Building & Safety
        - General Services
        - Environmental Services
      - Parks, Recreation & Community Services
        - Recreation
        - Parks
        - Community Services
        - Parks Planning & Open Space
      - City Manager's Office
        - Sheriff's Department
        - Fire Protection
        - Human Resources
        - Purchasing
        - Risk Management


City of SANTA CLARITA
To Bakersfield
To Palmdale & Lancaster
To Los Angeles
CITY HALL
Valencia Library
Canyon Country Library
Newhall Library
5
14

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Santa Clarita
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clarita, California, (City) as of and for the year ended June 30, 2016, 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 financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

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 activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, 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 Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application,* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No.* 73, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 13), schedules of revenues, expenditures and changes in fund balance – budget and actual for the General fund and each major special revenue fund (pages 77 through 81), schedule of funding progress (page 82), schedule of changes in the City's net pension liability and related ratios (page 83), and schedule of contributions (pages 84 through 85) 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 required supplementary information 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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, combining and individual nonmajor fund financial statements and budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are 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 December 21, 2016, 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 City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co LLP

Rancho Cucamonga, California
December 21, 2016

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This discussion and analysis of the City of Santa Clarita's (the City) financial performance provides an overview of the financial activities of the City for the fiscal year ended June 30, 2016. Our analysis includes information regarding the City's overall financial position and results of operations to assist users in evaluating the City's financial position, a discussion of significant changes that occurred in funds, and information regarding significant budget variances. In addition, it describes the activities during the year for capital assets and long-term debt. We end our discussion and analysis with a description of currently known facts, decisions and conditions that are expected to have a significant effect on the financial position or results of operations. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $1.08 billion. Of this amount, $102.1 million represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors (Table 1).

- The City's total net position increased by $23.4 million. Net position of the business-type activities decreased by $1.5 million, or 1.8%, and the net position of the governmental activities increased by $24.9 million (Table 2).

- The net capital assets of the City's governmental activities decreased by $4.8 million, or 0.5% over last fiscal year. The decrease was in part due to reductions in construction in progress and infrastructure of $4.2 million, and the transfer of land for the development of affordable housing of $1.1 million. See Note 7 to the financial statements for additional information.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $223.4 million. This represents an increase of $26.5 million as compared to the prior year.

- Within governmental funds, the General Fund reported a fund balance of $141.1 million, an increase of $24.6 million over the prior year.

USING THIS ANNUAL REPORT

The financial statements presented herein include all of the activities of the City of Santa Clarita and its component unit using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The three components of the basic financial statements are as follows:

1) **Government-Wide Financial Statements**
   The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting in a manner similar to a private-sector business. These statements include all assets of the City (including infrastructure) and deferred outflows of resources as well as all liabilities (including long-term debt) and deferred inflows of resources.

USING THIS ANNUAL REPORT (CONTINUED)

2) Fund Financial Statements
The Fund Financial Statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. For governmental activities, these fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds and other funds.

3) Notes to the Basic Financial Statements
The notes provide additional information necessary to enable the user to fully understand the various financial statements.

In addition to the basic financial statements and notes, this report contains other supplementary information.

REPORTING THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole, and its activities, in a way to answer this question. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position reports all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position.* Net position is one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net position is an indication of whether its *financial health* is improving or deteriorating. Other things to consider are non-financial factors, such as changes in the economy due to external factors that would cause an increase or decrease in consumer spending.

The Statement of Activities presents information relating to how the City's net position changed during the fiscal year. All activities resulting in changes in net position are reported when earned or incurred, regardless of the receipt or disbursement of the related transaction's cash flows. Some of the revenues and expenses reported in this statement will result in future fiscal period cash flows, such as the receipt of uncollected taxes and the payment of interest expense or compensated absences.

In the Statement of Net Position and the Statement of Activities, we separate the City's activities as follows:

Governmental Activities – Most of the City's basic services are reported in this category, including general administration (City Manager, City Clerk, Finance, etc.), public safety, public works, parks, recreation and community services, and community development (planning and engineering). These activities are distinguished due to the use of property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues to finance these activities.

Business-Type Activities – City functions that are intended to be primarily self-supporting through the imposition of user fees and charges are reported in the business-type activity category. Business-type activities for the City consist of transit activities related to the operation of the City's local public transportation system.

REPORTING THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Component Unit Activities – The City of Santa Clarita is the primary government unit to one legally separate entity. The financial activity and data of the Santa Clarita Public Financing Authority has been accounted for within the funds of the City, and therefore, separate component unit financial information is not presented within the financial statements.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS – FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to account for and accumulate financial information related to a specific activity or objective. Some funds are required to be established by State law and bond covenants; however, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other resources. The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. The City's three types of funds are governmental, proprietary and fiduciary.

Governmental Funds – Most of the City's basic services are reported in governmental funds. Governmental fund financial statements focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called "*modified accrual"* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by this integrated approach.

The City reports governmental fund financial information within 33 governmental funds. The General Fund, Bridge and Thoroughfare Fund, Developer Fees Fund, Public Library Fund and Landscape Maintenance District Fund are presented separately as major funds in the governmental fund balance sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Financial data for the remaining 28 governmental funds are combined into a single, aggregated presentation. Supporting financial information on each of the other governmental funds is also provided within the report.

Proprietary Funds – The City maintains two different types of proprietary funds. When the City charges customers for the services it provides, these services are generally reported in a type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but the proprietary fund statements provide more detail and additional information, such as a statement of cash flows. The City uses the Transit Enterprise Fund to account for the activities related to transit operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for costs related to self-insurance, computer replacement and vehicle-equipment replacement.

Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The proprietary fund financial statements provide separate information for the Transit Enterprise Fund, which is considered to be a major fund of the City. All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the supplementary information section of this report.

THE CITY AS TRUSTEE – FIDUCIARY FUND STATEMENTS

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain funds held for the benefit of other parties outside of the City. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities were excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the comparison of budget and actual results for the major governmental funds, other post-employment benefits schedule of funding progress, schedule of changes in the City's net pension liability and related ratios, and a schedule of the City's pension contributions. This section is located after the Notes to Financial Statements.

The combining statements referred to earlier in connection with the other governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information described in the previous paragraph in the supplementary information section.

THE CITY AS A WHOLE

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The City's net position may be analyzed and used as an indicator of the City's overall financial condition. The City's combined net position increased by $23.4 million, increasing from $1.05 billion to $1.08 billion.

THE CITY AS A WHOLE (CONTINUED)

TABLE 1
CITY OF SANTA CLARITA'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS:						
Current and Other Assets	$ 259,492,495	$ 228,301,801	$ 7,388,268	$ 7,302,688	$ 266,880,763	$ 235,604,489
Capital assets, net	844,844,011	847,862,095	76,687,260	78,495,871	921,531,271	926,357,966
Noncurrent Assets	26,412,670	29,892,432	-	-	26,412,670	29,892,432
TOTAL ASSETS	1,130,749,176	1,106,056,328	84,075,528	85,798,559	1,214,824,704	1,191,854,887
DEFERRED OUTFLOWS OF RESOURCES:	6,023,063	3,608,702	151,201	131,436	6,174,264	3,740,138
LIABILITIES:						
Noncurrent Liabilities	107,339,614	101,114,219	1,115,278	981,976	108,454,892	102,096,195
Other Liabilities	30,053,700	29,826,359	3,215,168	3,424,596	33,268,868	33,250,955
TOTAL LIABILITIES	137,393,314	130,940,578	4,330,446	4,406,572	141,723,760	135,347,150
DEFERRED INFLOWS OF RESOURCES:	2,925,290	7,154,505	107,260	260,580	3,032,550	7,415,085
NET POSITION:						
Net investment in capital assets	810,324,041	818,817,043	76,687,260	78,495,871	887,011,301	897,312,914
Restricted	87,150,698	73,541,304	-	-	87,150,698	73,541,304
Unrestricted	98,978,896	79,211,600	3,101,763	2,766,972	102,080,659	81,978,572
TOTAL NET POSITION	$ 996,453,635	$ 971,569,947	$ 79,789,023	$ 81,262,843	$ 1,076,242,658	$ 1,052,832,790

The City's net position is made up of three components: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position.

As of June 30, 2016, assets exceeded liabilities by $1.08 billion. The largest component of the City's net position, 82.4%, is represented by its $887.0 million net investment in capital assets (e.g., infrastructure, land, buildings and improvements, equipment, and construction in progress) less accumulated depreciation and any related outstanding debt used to acquire the capital assets. These capital assets are used to provide services to the citizens, and therefore are not available to finance future operations. In addition, resources necessary to repay the related debt must be provided by sources other than the capital assets, as the assets themselves cannot be used to satisfy these liabilities.

An additional portion of the City's net position, 8.1%, represents resources subject to external restrictions on how they may be used. The remaining 9.5% of unrestricted net position, $102.1 million, may be used to meet the City's ongoing obligations to citizens and creditors.

Consistent with the prior year, at the end of the current fiscal year, the City is able to report positive balances in both categories of governmental and business-type net position. Net position for governmental activities increased by $24.9 million over the prior year. The unrestricted net position of the business-type activities increased by $334,791.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues from governmental activities decreased by $28.5 million or 13.7% due in part to the one-time reversal of the allowance for notes to the RDA Successor Agency of $12.6M in the prior year, as well as a decrease of $11.4 million in operating and capital grants and contributions. The cost of all governmental activities this year was $147.8 million, a decrease of 3.3% over the past year. As shown in the Statement of Activities, the governmental activities expenditures were ultimately financed in part by the taxpayers, as $50.5 million in revenues were generated by service revenues received from the performance of these activities; another $7.7 million was received from government agencies and other organizations that subsidized certain programs with operating grants and contributions; and another $23.6 million in revenues was generated from capital grants and contributions. Overall, the City's governmental program and general revenues amounted to $179.1 million, which funded the expenditures and resulted in a $24.9 million increase in net position.

TABLE 2
CITY OF SANTA CLARITA'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	$ 50,478,658	$ 47,745,405	$ 7,546,433	$ 6,779,579	$ 58,025,091	$ 54,524,984
Operating grants and contributions	7,705,545	12,561,608	9,153,499	8,128,227	16,859,044	20,689,835
Capital grants and contributions	23,602,526	30,107,231	3,504,305	1,523,561	27,106,831	31,630,792
General Revenues:						
Taxes:						
Property taxes	40,072,597	38,556,890	-	-	40,072,597	38,556,890
Other taxes	51,526,137	47,248,617	-	-	51,526,137	47,248,617
Other	5,683,439	2,946,941	59,086	17,592	5,742,525	2,964,533
Capital Contributions	-	15,780,230	-	-	-	15,780,230
Reversal of Allowance for Notes to RDA Successor Agency	-	12,633,832	-	-	-	12,633,832
Total Revenues	179,068,902	207,580,754	20,263,323	16,448,959	199,332,225	224,029,713
General government	39,155,006	46,224,813	-	-	39,155,006	46,224,813
Public safety	23,778,931	22,235,368	-	-	23,778,931	22,235,368
Parks, recreation and community services	23,350,273	22,619,337	-	-	23,350,273	22,619,337
Public works	30,467,720	36,103,144	-	-	30,467,720	36,103,144
Community development	10,505,906	5,720,237	-	-	10,505,906	5,720,237
Unallocated infrastructure depreciation	18,342,933	18,072,657	-	-	18,342,933	18,072,657
Interest and fiscal charges	2,194,181	1,827,094	-	-	2,194,181	1,827,094
Transit	-	-	28,127,407	28,062,668	28,127,407	28,062,668
Total Expenses	147,794,950	152,802,650	28,127,407	28,062,668	175,922,357	180,865,318
Increase/Decrease in Net Postion Before Transfers	31,273,952	54,778,104	(7,864,084)	(11,613,709)	23,409,868	43,164,395
Transfers	(6,390,264)	(7,329,516)	6,390,264	7,329,516	-	-
Changes in Net Position	24,883,688	47,448,588	(1,473,820)	(4,284,193)	23,409,868	43,164,395
Net Position – Beginning of Year	971,569,947	954,425,101	81,262,843	86,650,756	1,052,832,790	1,052,832,790
Restatements	-	(30,303,742)	-	(1,103,720)	-	(31,407,462)
Net Position – Beginning of Year, as restated	971,569,947	924,121,359	81,262,843	85,547,036	1,052,832,790	1,021,425,328
Net Position – End of Year	$ 996,453,635	$ 971,569,947	$ 79,789,023	$ 81,262,843	$ 1,076,242,658	$ 1,064,589,723

Business-Type Activities

Business-type activities decreased the City's net position by $1.5 million for the current year. Business-type activities revenues increased by $3.8 million during the year for a total of $20.3 million in revenues, not including the $6.4 million of transfers in from other governmental activities. The increased revenue was largely due to an increase in capital grants and contributions of $2.0 million that included federal funds for the purchase of 5 replacement CNG commuter buses. Related transit activity expenses increased by $64,743.

THE CITY'S FUNDS

The governmental funds reported a combined fund balance at the end of the current fiscal year of $223.4 million, an increase of $26.5 million over the prior year. Approximately $87.2 million is restricted and already committed for specific restricted purposes.

The total governmental fund balance includes the general fund balance of $141.1 million, which increased by $24.6 million over the prior year. The General Fund is the chief operating fund of the City of Santa Clarita. The fund balance increase of $24.6 million is due in part to increases in tax revenues of $5.8 million, licenses and permit revenues of $1.7 million, and $1.1 million in investment income. General government expenditures decreased by $7.8 million due to the one-time recording of a contingent liability of $7.7 million in the prior fiscal year to the Redevelopment Successor Agency. The unassigned fund balance of $50.7 million is available for spending at the City's discretion. More detailed information about the City's classification of fund balances are presented in Note 12 to the financial statements.

Other major fund balance changes are noted below:

- The Bridge and Thoroughfare Fund has realized a decrease of $3.3 million from the prior year due in part to expenditures of $3 million for the Golden Valley Road Bridge widening project.

- The Developer Fee Fund has realized an increase of $1.1 million due to an increase in developer fees.

- The Public Library Fund has realized an increase of $1.1 million in its fund balance from the prior year.

- The Landscape Maintenance District's fund balance increased $2.5 million from the prior year.

In addition to the major funds, the fund balances for the other governmental funds experienced an aggregate increase of $385,439.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position for the Transit Enterprise Fund decreased over the prior year by $1.5 million or 1.8%. The unrestricted portion of the business-type activities net position increased by $334,791 from the prior year.

The Internal Service Funds net position decreased by $111,001 or 1.3%. The ending fund balance for Internal Service Funds is $8.3 million, of which $7.1 million is unrestricted.

General Fund Budgetary Highlights

Comparison of the fiscal year 2015-2016 original (adopted) general fund budgeted expenditures and transfers of $87.5 million to the final budgeted expenditures of $101.7 million results in a net increase of $14.2 million.

Included in this net increase is $350,855 in committed purchase orders and contracts from the prior June 30 balance, as well as $3,954,265 of prior fiscal year operating and capital improvement projects approved for carryover into fiscal year 2015-2016.

THE CITY'S FUNDS (CONTINUED)

Original Budget +	Continued Appropriations +	Encumbrances =	Beg. Balance +	Supplemental Changes =	Final Budget
$88,242,504 +	$3,954,265 +	$350,855 =	$92,547,624 +	$9,871,088 =	$102,418,712

Comparing the beginning budget of $92.5 million with the final budget of $102.4 million indicates the General Fund had supplemental budgetary appropriations of $9.9 million during the fiscal year. Included in the supplemental appropriations are the results of this year's budget review.

During the mid-year budget review, budgeted general fund revenue had a net increase of $3,352,608. Included in the net increase are $660,000 in sales tax revenue; $300,000 increase in property tax; $312,095 in franchise fees; $300,000 in real property transfer tax; $298,000 in transient occupancy tax; $150,000 in zone code fines; $172,000 in parks and recreation revenues; and a one-time reimbursement of $824,000 for Golden Valley Road water and sewers.

At year-end, the City's actual revenues were $4.5 million more than the final budgetary estimates. Actual expenditures were less than the final budgetary estimates by $21.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had $921.5 million (net of accumulated depreciation) invested in a broad range of capital assets. This investment in capital assets includes land, buildings and related improvements, vehicles and equipment, and infrastructure (including infrastructure placed in service prior to July 1, 2002), such as streets, bridges, traffic signals, medians, sidewalks, trails, sewers, curbs and gutters, and drainage systems (see Table 3).

TABLE 3
CITY OF SANTA CLARITA'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$147,141,106	$141,193,369	$15,087,880	$15,087,880	$162,228,986	$156,281,249
Construction in progress	5,922,009	18,351,762	1,736	-	5,923,745	18,351,762
Infrastructure, net	604,831,025	600,894,423	-	-	604,831,025	600,894,423
Depreciable site improvements, net	30,042,019	30,173,283	10,245,906	10,814,127	40,287,925	40,987,410
Depreciable buildings and improvements, net	52,730,777	53,534,783	30,441,413	31,324,760	83,172,190	84,859,543
Depreciable equipment, net	4,177,075	3,714,475	20,910,325	21,269,104	25,087,400	24,983,579
TOTALS	$844,844,011	$847,862,095	$76,687,260	$78,495,871	$921,531,271	$926,357,966

Major capital asset events during the year included:

- Acquisitions and contributions of land totaling $7.0 million
- Infrastructure additions totaling $7.8 million that included $5.1 million for pavement projects, $1.7 million for trails, and $1.2 million for sewers and storm drains.
- Equipment additions in the Transit fund of $3.7 million for five CNG commuter buses.

Additional information on the City of Santa Clarita's capital assets can be located in Note 7 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At year-end, the City's total debt amounted to $38.5 million in bonds, notes, capital leases, contracts, claims payable and compensated absences as shown in Table 4. A summary of debt activity for the year follows.

TABLE 4
CITY OF SANTA CLARITA'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Refunding Certificates of Participation, net	-	$8,084,126	$ -	$ -	$0	$8,084,126
Certificates of Participation	-	15,220,000	-	-	-	15,220,000
Lease Revenue Bonds	26,012,352	11,673,964	-	-	26,012,352	11,673,964
Contract and Leases	138,877	217,615	-	-	138,877	217,615
Private Placement Lease	6,328,411				6,328,411	
Loans	200,000	300,000	-	-	200,000	300,000
Compensated Absences	3,249,285	3,313,500	82,397	75,251	3,331,682	3,388,751
Claims Payable	2,449,815	1,993,915	-	-	2,449,815	1,993,915
TOTAL	$38,378,740	$40,803,120	$82,397	$75,251	$38,461,137	$40,878,371

The City's governmental activities had $38.4 million in debt at year-end. Governmental activities long-term debt decreased overall by $2.4 million. During the fiscal year, the City issued Lease Revenue Bonds totaling $24.3 million and entered into a Private Placement Lease for $6.9 million. Proceeds were used to refund Lease Revenue Bonds, Certificates of Participation, and Refunding Certificates of Participation. Principal payments totaled $2.8 million.

No new debt related to business-type activities was issued or refinanced during the current fiscal year.

During the fiscal year ended June 30, 2016, the City was able to meet its current year debt obligation in a timely manner. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its adjusted assessed valuation. The debt limitation for the City as of June 30, 2016 was $1,024,907,375. The calculation of the debt limitation is included in the statistical section.

Additional information on the City of Santa Clarita's debt can be located in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Our long history of conservative and strategic budget practices has allowed the City to maintain a balanced budget every year. Since the Great Recession, our organization has understood that there will continue to be economic peaks and valleys, and we need to be prepared and positioned for times when the economy is weak.

- General Fund sales tax revenue continues to be the largest revenue source to operate general governmental functions, accounting for 35.9% or $37.0 million as projected in the 2016-2017 budget. This is 4.3% higher than 2015-2016 budget.

- Property tax revenues account for 32.9% of the General Fund budget or $34.0 million in 2016-2017. The County Assessor's office makes changes to the City's property tax roll daily to reflect transfers in ownership, new construction, assessment appeals, parcel splits and other dynamic changes.

Budgeted General Fund revenues for fiscal year 2016-2017 are $103.1 million and operating and capital expenditures are budgeted at $102.8 million. The City's 2016-2017 operating and capital budget for all funds is $220.0 million.

The City remains dedicated to service excellence, teamwork and creativity. City staff continues to do more with less, find creative ways to maintain services revered by our community, and provide award-winning programs. The 2016-2017 budget remains to be a reflection of the City's commitment to the residents of Santa Clarita. This is consistent with the City's long tradition of ensuring that programming for Santa Clarita's youth and children is a priority to help promote growth and curb teen crimes. A copy of the City's 2016-2017 budget can be obtained by contacting the City Finance Division or visiting the web at www.santa-clarita.com/cityhall/departments/cmo/citybudget.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	$ 238,204,314	$ 4,270,156	$ 242,474,470
Receivables:			
Accounts, net	636,295	308	636,603
Interest	649,794	11,646	661,440
Taxes	9,816,572	-	9,816,572
Prepaid costs	499,218	215,582	714,800
Due from other governments	9,686,302	2,890,576	12,576,878
Total Current Assets	259,492,495	7,388,268	266,880,763
Noncurrent assets:			
Restricted assets:			
Cash and investments	206,386	-	206,386
Cash and investments with fiscal agents	366	-	366
Loans receivable	2,457,631	-	2,457,631
Land held for resale	910,455	-	910,455
Notes to RDA Successor Agency	15,687,058	-	15,687,058
Other post-employment benefits asset	7,150,774	-	7,150,774
Capital assets:			
Nondepreciable assets	153,063,115	15,089,616	168,152,731
Depreciable assets, net	691,780,896	61,597,644	753,378,540
Total Noncurrent Assets	871,256,681	76,687,260	947,943,941
Total Assets	1,130,749,176	84,075,528	1,214,824,704
Deferred Outflows of Resources:			
Deferred outflows related to pensions	4,131,733	151,201	4,282,934
Unamortized loss on refundings	1,891,330	-	1,891,330
Total Deferred Outflows of Resources	6,023,063	151,201	6,174,264
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	12,913,573	3,163,708	16,077,281
Interest payable	58,345	-	58,345
Deposits payable	2,944,401	-	2,944,401
Due to other governments	7,734,478	-	7,734,478
Unearned revenues	605,545	-	605,545
Compensated absences	2,011,570	51,460	2,063,030
Claims and judgments	1,515,623	-	1,515,623
Bonds, loans and capital leases	2,270,165	-	2,270,165
Total Current Liabilities	30,053,700	3,215,168	33,268,868
Noncurrent liabilities:			
Compensated absences	1,237,715	30,937	1,268,652
Claims and judgments	934,192	-	934,192
Bonds, loans and capital leases	30,409,475	-	30,409,475
Developer credits	44,986,509	-	44,986,509
Net pension liability	29,771,723	1,084,341	30,856,064
Total Noncurrent Liabilities	107,339,614	1,115,278	108,454,892
Total Liabilities	137,393,314	4,330,446	141,723,760
Deferred Inflows of Resources:			
Deferred inflows related to pensions	2,925,290	107,260	3,032,550

See accompanying notes to financial statements.

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Net Position:			
Net investment in capital assets	$ 810,324,041	$ 76,687,260	$ 887,011,301
Restricted:			
Landscape maintenance	37,875,311	-	37,875,311
Transportation	14,740,999	-	14,740,999
Open Space preservation	6,390,594	-	6,390,594
Public safety	1,774,060	-	1,774,060
Public library	850,857	-	850,857
Air quality management	717,331	-	717,331
Stormwater	5,476,592	-	5,476,592
Public education and government	1,683,950	-	1,683,950
Tourism marketing	875,915	-	875,915
Low and moderate-incoming housing	594,823	-	594,823
Capital improvements	16,170,266	-	16,170,266
Unrestricted	98,978,896	3,101,763	102,080,659
Total Net Position	$ 996,453,635	$ 79,789,023	$ 1,076,242,658

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	$ 39,155,006	$ 21,977,246	$ 602,043	-
Public safety	23,778,931	1,162,551	746,471	1,706,964
Parks, recreation and community service	23,350,273	8,142,336	11,954	78,851
Public works	30,467,720	17,339,507	4,911,946	21,816,711
Community development	10,505,906	1,857,018	1,433,131	-
Unallocated infrastructure depreciation	18,342,933	-	-	-
Interest and fiscal changes	2,194,181	-	-	-
Total governmental activities	147,794,950	50,478,658	7,705,545	23,602,526
Business-type activities:				
Transit enterprise	28,127,407	7,546,433	9,153,499	3,504,305
Total primary government	$ 175,922,357	$ 58,025,091	$ 16,859,044	$ 27,106,831

General revenues:
- Taxes:
  - Property taxes
  - Sales taxes
  - Franchise taxes
  - Transient occupancy taxes
  - Property transfer tax
  - Propety taxes in lieu of motor vehicle fee
- Investment income
- Miscellaneous
- Gain on sales of capital assets
  - Total General Revenues
- Transfers
  - Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (16,575,717)	$ -	$ (16,575,717)
(20,162,945)	-	(20,162,945)
(15,117,132)	-	(15,117,132)
13,600,444	-	13,600,444
(7,215,757)	-	(7,215,757)
(18,342,933)	-	(18,342,933)
(2,194,181)	-	(2,194,181)
(66,008,221)	-	(66,008,221)
-	(7,923,170)	(7,923,170)
(66,008,221)	(7,923,170)	(73,931,391)
40,072,597	-	40,072,597
37,807,385	-	37,807,385
8,392,789	-	8,392,789
3,813,437	-	3,813,437
1,383,743	-	1,383,743
128,783	-	128,783
4,142,959	59,086	4,202,045
1,080,771	-	1,080,771
459,709	-	459,709
97,282,173	59,086	97,341,259
(6,390,264)	6,390,264	-
24,883,688	(1,473,820)	23,409,868
971,569,947	81,262,843	1,052,832,790
$ 996,453,635	$ 79,789,023	$ 1,076,242,658

CITY OF SANTA CLARITA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Funds: Bridge and Thoroughfare	Special Revenue Funds: Developer Fees
Assets:			
Cash and investments	$ 130,261,818	$ 6,458,372	$ 5,279,667
Receivables:			
Accounts, net	480,986	11,532	-
Interest	384,607	15,964	16,146
Taxes	9,017,822	-	-
Loans	-	-	-
Notes to RDA Successor Agency	9,254,794	-	6,432,264
Prepaid costs	202,769	-	-
Due from other governments	4,760,873	-	-
Due from other funds	3,117,635	-	-
Advances to other funds	11,054,805	-	120,185
Land held for resale	-	-	703,345
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	99	-	-
Total assets	$ 168,536,208	$ 6,485,868	$ 12,551,607
Liabilities, deferred inflows of resources, and fund balances (deficit):			
Liabilities:			
Accounts payable and accrued liabilities	$ 5,216,293	380,940	1,247,773
Deposits payable	2,944,401	-	-
Due to other governments	7,700,000	-	-
Unearned revenues	605,545	-	-
Due to other funds	-	-	-
Advances from other funds	-	2,035,128	-
Total Liabilities	16,466,239	2,416,068	1,247,773
Deferred inflows of resources:			
Unavailable revenues	10,925,053	11,532	6,552,449
Total deferred inflows of resources	10,925,053	11,532	6,552,449
Fund balances (deficit):			
Nonspendable	11,108,252	-	-
Restricted	-	4,058,268	4,686,628
Committed	-	-	14,000
Assigned	79,367,084	-	50,757
Unassigned	50,669,580	-	-
Total fund balances (deficit)	141,144,916	4,058,268	4,751,385
Total liabilities, deferred inflows of of resources and fund balances (deficit)	$ 168,536,208	$ 6,485,868	$ 12,551,607

See accompanying notes to financial statements.

Special Revenue Funds			
Public Library	Landscape Maintenance District #1	Non-major Governmental Funds	Total Governmental Funds
$ 2,356,714	$ 33,389,438	$ 50,582,202	$ 228,328,211
12	76,659	61,596	630,785
5,838	83,028	118,861	624,444
125,024	275,918	397,808	9,816,572
-	-	2,457,631	2,457,631
-	-	-	15,687,058
38,061	168,441	17,146	426,417
-	-	4,925,429	9,686,302
-	-	-	3,117,635
-	-	-	11,174,990
-	-	207,110	910,455
-	-	206,386	206,386
-	-	267	366
$ 2,525,649	$ 33,993,484	$ 58,974,436	$ 283,067,252
321,380	1,406,608	$ 4,061,795	$ 12,634,789
-	-	-	2,944,401
-	-	34,478	7,734,478
-	-	-	605,545
-	-	3,117,635	3,117,635
9,139,862	-	-	11,174,990
9,461,242	1,406,608	7,213,908	38,211,838
-	-	3,926,588	21,415,622
-	-	3,926,588	21,415,622
38,061	168,441	17,146	11,331,900
-	32,418,435	45,987,367	87,150,698
-	-	-	14,000
-	-	1,830,971	81,248,812
(6,973,654)	-	(1,544)	43,694,382
(6,935,593)	32,586,876	47,833,940	223,439,792
$ 2,525,649	$ 33,993,484	$ 58,974,436	$ 283,067,252

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

CITY OF SANTA CLARITA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Fund balances of governmental funds		$ 223,439,792
Amounts reported for governmental activities in the statement of pet position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those capital assets consist of:		
Nondepreciable assets	$ 153,063,115	
Depreciable assets, net of accumulated depreciation	690,665,462	
		843,728,577
Revenues reported as deferred inflows in the governmental funds do not provide current financial resources but are recognized in the Statement of Activities		21,415,622
Other post-employment benefit assets are not available to pay for current-period expenditures and therefore are not reported in the government funds.		7,150,774
Amounts reported for net pension liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net pension liability in future measurement years are reported as deferred outflows and deferred inflows of resources are therefore not reported in the governmental funds.		
Net pension liability	(29,658,403)	
Deferred outflows of resources related to pensions	4,116,005	
Deferred inflows of resources related to pensions	(2,914,154)	
		(28,456,552)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those long-term liabilities consist of:		
Lease revenue bonds	(26,012,352)	
Private placement lease payable	(6,328,411)	
Capital leases	(138,877)	
Loans payable	(200,000)	
Deferred outflow of resources related to loss on refunding	1,891,330	
Compensated absences	(3,245,016)	
Bridge and Thoroughfare developer payables	(44,986,509)	
		(79,019,835)
Accrued interest payable on long-term liabilities do not require the use of current financial resources and therefore are not reported in the governmental funds.		(58,345)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, and vehicle and computer replacement, to individual funds. These assets, deferred outflows/inflows of resources and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		8,253,602
Net Position of Governmental Activities		$ 996,453,635

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Special Revenue Funds: Bridge and Thoroughfare	Special Revenue Funds: Developer Fees
Revenues:			
Taxes	$ 84,035,464	$ -	$ -
Special assessments	-	-	-
Licenses and permits	7,283,898	-	-
Intergovernmental	292,869	-	-
Charges for services	9,376,146	-	-
Investment income	2,211,873	315,665	91,643
Fines and forfeitures	528,836	-	-
Developer fees	-	658,588	1,960,002
Other revenue	589,553	-	453,834
Total revenues	104,318,639	974,253	2,505,479
Expenditures:			
Current:			
General government	13,520,450	-	-
Public safety	22,003,693	-	1,242,645
Parks, recreation and community service	21,103,557	-	-
Public works	12,043,887	3,344,760	-
Community development	5,959,372	-	-
Capital outlay	703,663	700,193	36,032
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	216,983	-
Cost of issuance	-	-	-
Total expenditures	75,334,622	4,261,936	1,278,677
Excess (deficiency) of revenues over (under) expenditures	28,984,017	(3,287,683)	1,226,802
Other financing sources (uses):			
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Payment to refunding bond escrow agent			
Transfers in	1,491,715	-	-
Transfers out	(5,833,447)	(4,136)	(86,596)
Total other financing sources (uses)	(4,341,732)	(4,136)	(86,596)
Net change in fund balances	24,642,285	(3,291,819)	1,140,206
Fund balances (deficit), beginning of year	116,502,631	7,350,087	3,611,179
Fund balances (deficit), end of year	$ 141,144,916	$ 4,058,268	$ 4,751,385

See accompanying notes to financial statements.

Special Revenue Funds			
Public Library	Landscape Maintenance District #1	Non-major Governmental Funds	Total Governmental Funds
$ 6,113,602	$ 939,937	$ 509,731	$ 91,598,734
-	15,923,892	10,578,549	26,502,441
-	-	-	7,283,898
-	-	31,087,884	31,380,753
85,000	-	864,480	10,325,626
30,896	538,796	748,745	3,937,618
-	-	444,917	973,753
-	-	3,654,209	6,272,799
184,269	32,210	529,858	1,789,724
6,413,767	17,434,835	48,418,373	180,065,346
5,135,419	12,251,659	$ 5,062,453	$ 35,969,981
-	-	530,833	23,777,171
-	145,254	78,851	21,327,662
-	689	22,547,714	37,937,050
46,558	-	4,668,063	10,673,993
-	2,264,628	6,858,437	10,562,953
57,904	-	2,794,236	2,852,140
99,545	-	3,622,377	3,938,905
-	-	600,910	600,910
5,339,426	14,662,230	46,763,874	147,640,765
1,074,341	2,772,605	1,654,499	32,424,581
-	-	31,325,000	31,325,000
-	-	1,672,352	1,672,352
-	-	(32,907,353)	(32,907,353)
-	10,000	10,438,848	11,940,563
(2,760)	(236,015)	(11,797,907)	(17,960,861)
(2,760)	(226,015)	(1,269,060)	(5,930,299)
1,071,581	2,546,590	385,439	26,494,282
(8,007,174)	30,040,286	47,448,501	196,945,510
$ (6,935,593)	$ 32,586,876	$ 47,833,940	$ 223,439,792

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Net changes in fund balances - total governmental funds		$ 26,494,282
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 their estimated useful lives and reported as depreciation expense in the current period.		
Capital outlay	$ 10,562,953	
Depreciation expense	(21,995,853)	
Disposal of capital assets	8,182,302	
		(3,250,598)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,541,395
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts when debit is first issued, whereas these amounts are deferred and amortized in the statement of activities. There was an issuance of debt pertaining to two capital leases in the current period, and the following includes the issuance of debt for the capital leases and the amounts of repayment of long-term liabilities:		
Changes in compensated absences	66,031	
Bond proceeds	(31,325,000)	
Bond premium	(1,672,352)	
Lease revenue bonds	11,595,000	
Certificates of participation bonds	23,350,000	
Private placement lease payable	656,589	
Capital leases	78,648	
Loans payable	100,000	
Loss on refundings	1,891,330	
Amortization of premiums of long-term liabilities	78,964	
Amortization of discounts of long-term liabilities	(45,784)	
		4,773,426
The issuance of Bridge and Thoroughfare district credits does not impact governmental funds, but increases long-term liabilities in the statement of net position. Redemptions of district credits does not impact expenditures in the governmental funds, but reduces long-term liabilities in the statement of net position.		
Net impact of issuance and redemption of district credits		(5,868,927)
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 governmental funds. These expenses consists of the following:		
Changes in interest payable for long-term liabilities	400,380	
Changes and amortization of other post-employment benefit asset	(4,000)	
Changes in net pension liabilities	908,731	
		1,305,111
Internal services funds are used by management to charge the costs of certain activities, such as insurance, and vehicle and computer replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(111,001)
Change in net position of governmental activities		$ 24,883,688

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities	Governmental Activities
	Transit Enterprise	Internal Service Funds
Assets:		
Current assets:		
Cash and investments	$ 4,270,156	$ 9,876,103
Receivables:		
Accounts	308	5,510
Interest	11,646	25,350
Prepaid costs	215,582	72,801
Due from other governments	2,890,576	-
Total current assets	7,388,268	9,979,764
Noncurrent assets:		
Capital assets:		
Land and construction in progress	15,089,616	-
Site improvements, net of accumulated depreciation	10,245,906	-
Building and improvements, net of accumulated depreciation	30,441,413	-
Equipment, net of accumulated depreciation	20,910,325	1,115,434
Total noncurrent assets	76,687,260	1,115,434
Total assets	84,075,528	11,095,198
Deferred outflows of resources:		
Deferred outflows related to pensions	151,201	15,728
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	3,163,708	278,784
Compensated absences	51,460	4,269
Claims and judgements	-	1,515,623
Total current liabilities	3,215,168	1,798,676
Noncurrent liabilities:		
Compensated absences payable	30,937	-
Claims and judgments	-	934,192
Net pension liability	1,084,341	113,320
Total noncurrent liabilities	1,115,278	1,047,512
Total liabilities	4,330,446	2,846,188
Deferred inflows of resources:		
Deferred amounts related to pensions	107,260	11,136
Net Position:		
Net investment in capital assets	76,687,260	1,115,434
Unrestricted	3,101,763	7,138,168
Total net position	$ 79,789,023	$ 8,253,602

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities	Governmental Activities
	Transit Enterprise	Internal Service Funds
Operating revenues:		
Charges for services	$ 6,557,530	$ 2,689,415
Other revenues	988,903	15,412
Total operating revenues	7,546,433	2,704,827
Operating expenses:		
Administration and personnel services	2,209,975	175,313
Transportation services	18,458,987	-
Services and supplies	1,974,903	2,249,464
Depreciation expense	5,483,542	220,359
Total operating expenses	28,127,407	2,645,136
Operating income (loss)	(20,580,974)	59,691
Nonoperating revenues (expenses):		
Intergovernmental revenue	9,153,499	-
Investment income	59,086	166,552
Gain on disposal of capital assets	-	32,722
Total nonoperating revenues (expenses)	9,212,585	199,274
Income (loss) before transfers and capital contributions	(11,368,389)	258,965
Transfers and capital contributions:		
Transfers in	6,590,158	76,219
Transfers out	(199,894)	(446,185)
Capital contributions	3,504,305	-
Total transfers and capital contributions	9,894,569	(369,966)
Change in net position	(1,473,820)	(111,001)
Net position		
Net position, beginning of year	81,262,843	8,364,603
Net position, end of year	$ 79,789,023	$ 8,253,602

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities	Governmental Activities
	Transit Enterprise	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers and users	$ 6,557,222	$ 2,754,947
Cash paid to suppliers for goods and services	(21,514,402)	(1,700,125)
Cash paid to employees for services	(1,253,472)	(176,969)
Cash received from other services	988,903	-
Net cash provided by (used in) operating activities	(15,221,749)	877,853
Cash flows from noncapital financing activities:		
Cash transfers out	(199,894)	(446,185)
Cash transfers in	6,590,158	76,219
Intergovernmental revenues	8,980,968	-
Net cash (used in) provided by noncapital financing activities	15,371,232	(369,966)
Cash flows from capital and related financing activities:		
Capital contributions	3,504,305	-
Acquisition and construction of capital assets	(3,674,931)	(452,873)
Proceeds from disposal of capital assets	-	32,722
Net cash provided (used) for capital and related financing activities	(170,626)	(420,151)
Cash flows from investing activities:		
Interest received	56,189	161,770
Net increase in cash and cash equivalents	35,046	249,506
Cash and cash equivalents at beginning of the year	4,235,110	9,626,597
Cash and cash equivalents at end of year	$ 4,270,156	$ 9,876,103
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (20,580,974)	$ 59,691
Adjustments to reconcile operating income (loss) to net cash provide by (used in) operating activities:		
Depreciation	5,483,542	220,359
Pension Expense	106,537	11,066
(Increase)/Decrease in accounts receivable	(308)	50,120
Decrease in prepaid expense	125,202	67,212
Payments related to deferred outflows for contributions subsequent to measurement date	(139,761)	(14,538)
Increase/(Decrease) in accounts payable	(223,133)	26,227
Increase in claims and judgments	-	455,900
Increase in compensated absences	7,146	1,816
Total adjustments	5,359,225	818,162
Net cash provided by (used in) operating activities	$ (15,221,749)	$ 877,853

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds	Private-purpose Trust Fund Redevelopment Successor Agency
Assets:		
Cash and investments	$ 1,081,876	$ 1,568,537
Receivables:		
Interest	2,663	3,825
Taxes	4,787	-
Due from other governments	3,746	7,734,479
Land held for resale	-	222,579
Restricted assets:		
Cash and investments	-	10,224
Cash and investments with fiscal agents	1,759,571	1,166,084
Capital assets:		
Land	9,937,976	-
Site improvements, net of accumulated depreciation	-	90,454
Building and improvements, net of accumulated depreciation	82,776	-
Infrastructure, net of accumulated depreciation	-	3,806,244
Total assets	$ 12,873,395	14,602,426
Liabilities:		
Accounts payable	4,250	51
Interest payable	-	405,717
Due to external parties	12,869,145	-
Bonds, due within on year	-	679,670
Bonds and notes, due in more than one year	-	49,480,722
Total liabilities	$ 12,873,395	50,566,160
Net position (deficit):		
Trust deficit		$ (35,963,734)

See accompanying notes to financial statements.

CITY OF SANTA CLARITA, CALIFORNIA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Private-purpose Trust Fund Redevelopment Successor Agency
Additions:	
Property taxes	$ 2,533,101
Investment income	22,591
Total Additions	2,555,692
Deductions:	
Administrative expenses	40,743
Contractual services	88,098
Interest expense	6,128,168
Depreciation expense	90,159
Total Deductions	6,347,168
Change in Net Position	(3,791,476)
Net Position (deficit):	
Trust deficit, beginning of year	(32,172,258)
Trust deficit, end of year	$ (35,963,734)

See accompanying notes to financial statements.

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

These financial statements present the financial results of the City of Santa Clarita, California (the City) and its component unit as required by accounting principles generally accepted (GAAP) in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has one component unit, the Santa Clarita Public Financing Authority (the Authority). The Authority is governed by the Board of the Authority, which is comprised of City Council. Additionally, the City and Authority have a financial benefit or burden relationship. Therefore, the entity is reported as a blended component unit with the City's Comprehensive Annual Financial Report (CAFR). The City and the component unit have a June 30 year-end.

The City was incorporated on December 15, 1987, as a general law city. The City operates under a council-manager form of government and provides its citizens with a full range of municipal services, either directly or under contract with the County of Los Angeles. Such services include public safety (police and fire protection), building permit/plan approval, planning, community development, recreation, animal control, and street maintenance.

Component Unit

The Authority was established in July 1991 as a joint powers authority between the City and the former redevelopment agency for the purpose of providing financing and funding of public capital improvements and the acquisition of property. On May 10, 2016, the City Council adopted Resolution 16-15 that removed the Successor Agency from the agreement and substituted the Santa Clarita Parking Authority. The Authority's financial data and activity are reported within the debt service and capital projects fund types of the City. Separate financial statements for the Authority are not prepared.

B. Government-Wide and Fund Financial Statements

The City's government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the City. The effect of interfund activity has been removed from these statements, except for the interfund services provided and used. 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. Fiduciary activities of the City are not included in these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, infrastructure assets, long-term liabilities, and deferred inflows and deferred outflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard to interfund activities. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, 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. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

The City has conformed to the pronouncements of the GASB, which are acknowledged as the primary authoritative statements of GAAP in the United States of America applicable to state and local governments.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the *"current financial resources"* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property and sales tax, and 90 days for all other revenues. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, expenditures related to compensated absences, pension and other post-employment benefits, and the redemption of district credits are recorded only when payment is due.

Property taxes, taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period, as defined above. All other revenue items are considered measurable only when cash is received by the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

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 financial resources of the City that are not required to be accounted for in another fund.

The Bridge and Thoroughfare Special Revenue Fund is used to account for restricted district fees received from developers as set by the State Subdivision Law and the Los Angeles County and City of Santa Clarita, which are used for the construction of street, highway, bridge, and other thoroughfare in the Bouquet Canyon, Eastside Canyon, Via Princessa, and Valencia districts. This fund also accounts for the issuance and redemption of district credits associated with the contribution of infrastructure. The City has elected the Bridge and Thoroughfare Special Revenue Fund as a major fund for public interest purposes.

The Developer Fees Special Revenue Fund is used to account for monies received from developers restricted to fund specific projects and infrastructure maintenance throughout the City. Effective July 1, 2015, the City has reclassified this fund as a major governmental fund.

The Public Library Special Revenue Fund is used to account for property tax receipts and disbursements associated with the operation of the City of Santa Clarita Public Library.

The Landscape Maintenance District #1 Special Revenue Fund is used to account for property tax receipts and disbursements related to the landscape maintenance district.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred inflows and deferred outflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues and expenses result from the operating and maintenance of the local public transit services. The operating revenues consist of charges to customers for the service provided. Operating expenses include the costs of providing these services, administrative expenses and depreciation expense. All revenues and expenses not meeting these definitions and which are not capital in nature are reported as non-operating revenues and expenses.

The City reports the following major enterprise fund:

The Transit Enterprise Fund is used to account for the operation of the City's local public transit bus system.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position (Deficit) and a Statement of Changes in Net Position (Deficit). The fiduciary funds represent a private-purpose trust fund and agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency funds are reported on the accrual basis of accounting and are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private-purpose trust funds are reported using the "*economic resources*" measurement focus and the accrual basis of accounting.

The RDA Successor Agency Private Purpose Trust Fund is used to account for monies received from the Los Angeles County Auditor Controller for the repayment of the enforceable obligations of the former Santa Clarita Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Obligation Payment Schedule (ROPS).

The City reports the following agency funds:

The Assessment District No. 92-2 Fund is used to account for assets and liabilities held by the City as an agent and related to the debt service activity on no-commitment special assessment debt.

The Assessment District No. 99-1 Fund is used to account for assets and liabilities held by the City as an agent and related to the debt service activity on no-commitment special assessment debt.

The Community Facilities District No. 2002-1 Fund is used to account for assets and liabilities held by the City as an agent and related to the debt service activity on no-commitment special assessment debt.

The Santa Clarita Watershed Recreation and Conservancy Authority is used to account for assets and liabilities held by the City as an agent and related to the park and open space lands for the Santa Clarita Watershed Recreation and Conservancy Authority (the Watershed Authority).

The Santa Clarita Public Television Authority is used to account for assets and liabilities held by the City as an agent and related to the operations of the Santa Clarita Public Television Authority (the SCPTA).

Fund Types Reported by the City

Additionally, the City reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest and principal on long-term debt.

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. Such activities include self-insurance, computer replacement, and vehicle replacement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool that maintains the general characteristics of a demand deposit account.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The unexpended bond proceeds of the City's bonds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. The City's cash and investments held by fiscal agents are pledged to the payment or security of certain long-term debt issuances. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of the bonds, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make.

The City also participates in the Los Angeles County Pooled Investment Fund.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3),* certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

As of July 1, 2015, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurements and Application.* GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Land Held for Resale

Land parcels held for resale are recorded at the lower of cost or net realizable value. The cost of the land includes all costs incurred that are directly associated with the acquisition of the land, including purchase price, escrow costs, clearing land for use costs, demolition costs, etc.

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered. There are also transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as "transfers."

G. Property Taxes

Property taxes and special assessment taxes are considered enforceable liens on real property on July 1, the beginning of the fiscal year, and are due in two installments on November 1 and February 1; however, no penalties or interest are assessed until December 10 and April 10, respectively. These taxes are determined annually based on property values, subject to limits based on Proposition 13, as of January 1 of the levy year, which is prior to the end of the previous fiscal year. The County of Los Angeles bills and collects these taxes for the City and are remitted on a monthly basis. Remittance of property taxes to the City is accounted for in the City's General Fund and Public Library Special Revenue Fund. Property taxes on certain registered motor vehicles are assessed and collected throughout the year.

H. Allowances for Uncollectible Accounts

Allowances for uncollectible accounts are maintained on customer and other trade receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

I. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These are accounted for using the consumption method, and accordingly, the expenditure is recorded in the period in which the goods or services are received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Government-Wide Financial Statements, Proprietary Funds, and Fiduciary Funds

Capital assets, which include land, site improvements, buildings and improvements, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds and fiduciary funds. General infrastructure assets consist of roads, curbs and gutters, sidewalks, medians, street signs, bus shelters, bridges, trails, traffic signals, and storm drains/catch basins. Capital assets are defined by the City as assets with an initial cost of more than $5,000 ($25,000 for site improvements and building improvements and $100,000 for infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Site Improvements	5-25 years
Buildings and Improvements	5-50 years
Equipment	5-25 years
Infrastructure	20-60 years

Governmental Fund Financial Statements

The governmental fund financial statements do not present capital assets. Instead, capital assets purchases are reported as capital outlay expenditures. As such, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.

K. Long-Term Debt

Government-Wide Financial Statements, Proprietary Funds, and Fiduciary Funds

Long-term debt and other financed obligations, such as developer district credits, are reported as liabilities in the government-wide, proprietary fund, and fiduciary fund financial statements.

Bond premiums, discounts, and deferred gains and losses on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Deferred gains and losses on refundings are reported as a deferred inflow or deferred outflow of resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt and other financed obligations. Governmental funds 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. Issuances costs are reported as debt service expenditures. Principal payments and reductions in the obligation are reported as debt service expenditures. As such, long-term debt and other financed obligations are shown as reconciling items in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation (compensated absences). For proprietary fund types and governmental activities, this accumulation is recorded as an expense and liability of the appropriate fund in the fiscal year earned. For the governmental funds, the amount of accumulated unpaid vacation, which is payable from available resources, is recorded as a liability of the fund when it has matured (i.e., when due and payable).

M. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage, under its self-insurance program. Claims payable, which includes an estimate for incurred but not reported (IBNR) claims, is recorded in the Self-Insurance Internal Service Fund.

N. Pensions and Other Post-Employment Benefits

The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS), and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

A deferred outflow of resources is a consumption of net position or fund balance by a government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position or fund balance by the government that is applicable to a future period. Deferred outflows and inflows of resources related to pensions represent amounts that will be recognized as adjustments to pension expense in future years. As noted in Note 13, deferred outflows and inflows of resources will be recognized as pension expense in future years. Contributions subsequent to the measurement period will be recognized during the fiscal year ending June 30, 2017.

The City also provides Other Post-Employment Benefits (OPEB) to eligible employees. The OPEB are measured based on the funding and when contributions exceed the annual required contribution an OPEB asset is reported on the Statement of Net Position (see Note 14).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances

Government-Wide Financial Statements, Proprietary Funds, and Fiduciary Funds

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, and is classified into three categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, and excludes unspent debt proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted – This amount represents the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties and enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This amount represents the residual of amounts not classified in the other two categories and represents the net equity available for the City.

Governmental Fund Financial Statements

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories; advances, which are long-term interfund borrowings; and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision-making, City Council through Council Resolution, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision-making or by a committee or official designated for that purpose. The Deputy City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution adopted by the City Council.

Unassigned – This includes the excess residual amounts in the General Fund and the residual deficit of all other governmental funds, which have not been restricted, committed, or assigned to specific purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances (Continued)

The City Council has approved an operating reserve to be used for one-time unanticipated expenditure requirements and local disaster. At June 30, 2016, the balance totaled $15,800,000, which is included in the unassigned fund balance in the General Fund.

P. Spending Policy

Government-Wide Financial Statements and Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to apply restricted resources first.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

Q. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain balances and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

R. Deferred Inflows of Resources, Unavailable Revenue and Unearned Revenue

Government-Wide Financial Statements

Unearned revenue represents money received during the current or previous years that has not been earned because certain performance criteria have not been met.

Fund Financial Statements

As described above, a deferred inflow of resources represents an acquisition of fund balance by the government that is applicable to a future period. In addition to unearned revenue, governmental funds report deferred inflows of resources related to resources that have earned but have not been received within the availability period. This does not provide an available financial resource in the current period; therefore, recognition is deferred until these criteria have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pronouncements Adopted in the Current Year

GASB Statement No. 72 – In February 2015, GASB issued statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The pronouncement was implemented effective July 1, 2015.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from four categories under GASB Statement No. 55. The pronouncement was implemented effective July 1, 2015.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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*. Specifically, the Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement is effective for the reporting periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The pronouncement was implemented effective July 1, 2015.

T. Pronouncements Issued But Not Yet Adopted

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2016, which may impact future financial presentations. Except as noted below, management has not determined what, if any, impact implementation of the following Statements may have on future financial statements of the City:

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The requirements of the Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, or FY 2016-17. The City has not determined the effect of the statement.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the 2016-2017 fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain types of cost-sharing multiple employer plans. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Both the qualifying external investment pools and their participants are required to disclose information about any limitations or restrictions on participant withdrawals. Certain provisions of the Statement are effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of those provisions.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.* The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for the reporting periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split–Interest Agreements.* The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

NOTE 2 – CASH AND INVESTMENTS

A. Cash and Investments

Cash and investments at June 30, 2016, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	$ 238,204,314	$ 4,270,156	$ 2,650,413	$ 245,124,883
Restricted assets:				
Cash and investments	206,386	-	10,224	216,610
Cash and investments with fiscal agents	366	-	2,925,655	2,926,021
Totals	$ 238,411,066	$ 4,270,156	$ 5,586,292	$ 248,267,514

NOTE 2 – CASH AND INVESTMENTS

A. Cash and Investments (Continued)

Cash and investments consisted of the following at June 30, 2016:

Cash on hand and deposits:	
Cash on hand	$ 4,588
Deposits with financial institutions	3,074,414
Certificates of deposit	549,998
Total Cash on Hand and Deposits	3,629,000
Investments:	
U.S. Treasury Securities	34,767,531
U.S. Government-Sponsored Enterprise Securities	81,493,988
Supranational	13,343,280
Commercial Paper	10,972,700
Medium-Term Notes	40,891,362
Money Market Funds	237,027
Asset Backed	11,208,413
State of California Local Agency Investment Fund (LAIF)	47,058,001
L.A. County Pooled Investment Fund (LACPIF)	1,523,581
Total Investments	241,495,883
Restricted investments:	
Money Market Funds	216,610
Restricted investments with fiscal agent:	
Money Market Funds	2,926,021
Total cash and investments	$ 248,267,514

The carrying amounts of the City's deposits were $3,629,000 at June 30, 2016. Bank balances before reconciling items were $6,894,232 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

The following table identifies the investment types that are authorized for the City 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 trustees 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio*	Maximum Investment in One Issuer**
Local Agency Bonds	5 years	No Limit	No Limit
U.S. Treasury Obligations	5 years	No Limit	No Limit
State of California Obligations	5 years	No Limit	No Limit
California Local Agency Obligations	5 years	No Limit	No Limit
U.S. Governmental-Sponsored Enterprise Securities	5 years	No Limit	No Limit
Supranationals/Unsubordinated Obligations	5 years	30%	10%
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	No Limit
Repurchase Agreements	1 year	No Limit	No Limit
Medium-Term Notes	5 years	30%	No Limit
Money Market Funds	5 years	15%	10%
Mortgage Pass-Through Securities	5 years	20%	No Limit
Asset Backed	5 years	20%	No Limit
Los Angeles County Pooled Investment Fund (LACPIF)	Not Applicable	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF)	Not Applicable	$50,000,000	No Limit

* Excluding amounts held by bond trustees that are not subject to California Government Code Restrictions.

** Banker's acceptances may have no more than 30 percent in any one commercial bank, commercial paper may not represent more than 10 percent of the City's surplus funds for any single issuer, and money market mutual funds may have no more than 10 percent invested in any one mutual fund.

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees 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 trustees. 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 of Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	N/A	50%	None
U.S. Government-Sponsored Enterprise Securities	5 years	None	None
Money Market Funds	5 years	None	None
State of California Local Agency Investment Fund (LAIF)	5 years	30%	None

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. Disclosures Relating to Interest Rate Risk

As a means of limiting its exposure to fair-value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years from the date of purchase.

Interest rate risk is the risk that changes in market interest rates which 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.

At June 30, 2016, the City had the following investment maturities:

		Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 to 2	2 to 3	3 to 4	4 to 5
Investments:						
U.S. Treasury Securities	$ 34,767,531	$ -	$ 8,047,563	$ 5,082,325	$ 9,133,604	$ 12,504,039
U.S. Government-Sponsored Enterprise Securities	81,493,988	22,445,173	14,825,969	16,728,290	15,182,098	12,312,458
Supranational	13,343,280	10,018,650		3,324,630	-	-
Commercial Paper	10,972,700	10,972,700	-	-	-	-
Medium-Term Notes	40,891,362	7,323,903	10,859,779	11,233,544	5,551,385	5,922,751
Money Market Funds	237,027	237,027	-	-	-	
Asset Backed	11,208,413	-	3,752,179	5,551,393	1,904,841	-
Local Agency Investment Fund (LAIF)	47,058,001	47,058,001	-	-	-	
Los Angeles County Pooled Investments Fund (LACPIF)	1,523,581	1,523,581	-	-	-	
Total Investments	241,495,883	99,579,035	37,485,490	41,920,182	31,771,928	30,739,248
Restricted investments:						
Money Market Funds	216,610	216,610	-	-	-	-
Restricted investments with fiscal agent:						
Money Market Funds	2,926,021	2,926,021	-	-	-	-
Total Investments Subject to Interest Rate Risk	$ 244,638,514	$ 102,721,666	$ 37,485,490	$ 41,920,182	$ 31,771,928	$ 30,739,248

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

E. 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 actual rating, as reported by Standard & Poor's, as of year-end for each investment type:

Investment Type	Minimum Rating	Fair Value	Investment Maturities (In Years) AAA	AA+ to AA-	A+ to A-	A-1 to A-1+	Unrated
Investments:							
U.S. Treasury Securities	None	$ 34,767,531	$ -	$ 34,767,531	$ -	$ -	$ -
U.S. Government-Sponsored Enterprise Securities	None	81,493,988	-	72,404,361	-	9,089,627	-
Supranational	AA	13,343,280	13,343,280	-	-	-	-
Commercial Paper	A-1	10,972,700	-	-	-	10,972,700	-
Medium-Term Notes*	A-1	40,891,362	1,974,661	17,075,215	21,686,486	-	155,000
Money Market Funds	None	237,027	-	-	-	-	237,027
Asset Backed	AA	11,208,413	7,076,196	-	-	-	4,132,217
Local Agency Investment Fund (LAIF)	None	47,058,001	-	-	-	-	47,058,001
Los Angeles County Pooled Investments Fund (LACPIF)	None	1,523,581	1,523,581	-	-	-	-
Total Investments		241,495,883	23,917,718	124,247,107	21,686,486	20,062,327	51,582,245
Restricted investments:							
Money Market Funds	None	216,610	-	-	-	-	216,610
Restricted investments with fiscal agent:							
Money Market Funds	None	2,926,021	-	-	-	-	2,926,021
Total Investments Subject to Interest Rate Risk		$ 244,638,514	$ 23,917,718	$ 124,247,107	$ 21,686,486	$ 20,062,327	$ 54,724,876

* Included in the medium-term notes is an investment in Lehman Brothers, which is not rated as of June 30, 2016. Lehman Brothers filed for Chapter 11 bankruptcy protection on September 15, 2008, and the company's assets are still in the process of being liquidated. The value of the investment reported is the amount the City estimates it will receive when the investment is redeemed. As of June 30, 2016, this investment is recorded at $155,000.

F. 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 percent or more of the City's total investments are as follows:

Issuer	Investment Type	Amount	Investments
Federal National Mortgage Association	U.S. Government-Sponsored Enterprise Securities	$ 26,756,554	11.08%
Federal Home Loan Bank	U.S. Government-Sponsored Enterprise Securities	$ 29,402,510	12.18%
Federal Home Loan Mortgage Corporation	U.S. Government-Sponsored Enterprise Securities	$ 17,779,700	7.36%

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

G. 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 collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk associated with investments that are uninsured, are not in the name of the City, or are held by counterparty or counterparty's trust department or agent but not in the City's name. In the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the counterparty is then unable to deliver securities that are in the possession of another party. As of June 30, 2016, none of the City's deposits or investments were exposed to custodial credit risk.

H. Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using market approach using quoted market prices and matrix pricing.

Investments' fair value measurements are as follows as of June 30, 2016:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Investments:				
U.S. Treasury Securities	$ 34,767,531	$ -	$ 34,767,531	$ -
U.S. Government-Sponsored Enterprise Securities	81,493,988	-	81,493,988	-
Supranational	13,343,280	-	13,343,280	-
Commercial Paper	10,972,700	-	10,972,700	-
Medium-Term Notes	40,891,362	-	40,891,362	-
Asset Backed	11,208,413	-	11,208,413	-
Total Leveled Investments	192,677,274	$ -	$ 192,677,274	$ -
Uncategorized Investments:				
Local Agency Investment Fund (LAIF)	47,058,001			
Los Angeles County Pooled Investments Fund (LACPIF)	1,523,581			
Money Market Funds	237,027			
Restricted investments:				
Money Market Funds	216,610			
Restricted investments with fiscal agent:				
Money Market Funds	2,926,021			
Total Investment Portfolio	$ 244,638,514			

Deposits and withdrawals related to the investments in LAIF, LACPIF, and money market funds are are made on the basis of $1 and not fair value. Accordingly, under the fair value hierarchy these investments are uncategorized.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

I. Investment in State Investment Pool

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each City may invest up to $50,000,000 without limitation in special bond proceeds accounts. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The City's investments with LAIF at June 30, 2016 included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes – Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – Generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, collateralized mortgage obligations) or credit card receivables.

As of June 30, 2016, the City had $47,058,001 invested in LAIF, which had invested 2.81 percent of the pool investment funds in structured notes and asset-backed securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF from their amortized cost basis.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

J. Investment in County Investment Pool

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the Los Angeles County Board of Supervisors and administered by the Los Angeles County Treasurer and Tax Collector. Investments in the LACPIF are highly liquid, as deposits and withdrawals can be made at any time without penalty. The LACPIF does not impose any maximum investment limit. 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 prorated share of the fair value provided by the LACPIF for the entire LACPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the LACPIF, which are recorded on an amortized cost basis.

As of June 30, 2016, the City had $1,523,581 invested in the LACPIF.

NOTE 3 – LAND HELD FOR RESALE

As of June 30, 2016, the City had $910,455 of land held for resale, which is reported at fair value. During the year, the City transferred land of $466,078 from the City to the Successor Agency. Further, the allowance was reduced by $187,564 due to the City's reassessment of value during the year.

	Non-Major Governmental Funds
Land held for resale, cost	$ 2,885,510
Less: cumulative allowance for the decline in value	(1,975,055)
Land held for resale, net	$ 910,455

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016, including allowances for uncollectible accounts, is as follows:

	General Fund	Bridge and Thoroughfare	Public Library	Landscape Maintenance District #1	Non-Major Governmental Funds	Internal Service Funds
Gross receivables	$ 1,050,442	$ 11,532	$ 12	$ 120,277	$ 97,172	$ 5,510
Less: allowance for uncollectibles	(569,456)	-	-	(43,618)	(35,576)	-
Net Total Receivables	$ 480,986	$ 11,532	$ 12	$ 76,659	$ 61,596	$ 5,510

NOTE 5 – LOANS RECEIVABLE

The City has provided deferred-payment rehabilitation loans to qualified homeowners in connection with CDBG and HOME rehabilitation programs. In the governmental funds, the loans receivable balance totaling $2,457,631 at June 30, 2016, has been offset by deferred inflows of resources for unavailable revenues in the non-major governmental funds, since these loans are not available to finance current expenditures.

NOTE 6 – NOTES TO RDA SUCCESSOR AGENCY

Prior to the dissolution of the former redevelopment agency, the General Fund and Developer Fees Special Revenue Fund advanced the former redevelopment agency funding for various redevelopment activities. These advances were made in the form of promissory notes and were transferred to the RDA Successor Agency upon dissolution. In the prior fiscal year, the California Department of Finance (DOF) approved final loan amounts from the General Fund and Developer Fees Special Revenue Fund to the former redevelopment agency for $7,225,964 and $5,407,868, respectively, using a LAIF rate of 0.26 percent, which was in effect when the Oversight Board reinstated the loans on February 25, 2015. On September 22, 2015, the Committee on Budget and Fiscal Review of the California State Senate approved SB 107. A mandate of this legislation included a recalculation of the notes to the RDA Successor Agency using a 3 percent simple interest from the origination of the note, instead of the LAIF rate. As such, the City increased the amounts reported as of June 30, 2016 in the General Fund and Developer Fees Special Revenue Fund to $9,254,794 and $6,432,264, respectively. The unpaid accrued interest of these notes is $2,341,208 and $1,112,378, respectively.

NOTE 7 – CAPITAL ASSETS

A. *Governmental Activities*

The following is a summary of changes in the capital assets for governmental activities during the fiscal year ended June 30, 2016:

	Governmental Activities				
	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental activities:					
Non-depreciable assets:					
Land	$ 141,193,369	$ 7,043,137	$ (1,095,400)	$ -	$ 147,141,106
Construction in progress	18,351,762	6,740,052	(1,569,018)	(17,600,787)	5,922,009
Total Non-Depreciable Assets	159,545,131	13,783,189	(2,664,418)	(17,600,787)	153,063,115
Depreciable assets:					
Site improvements	43,705,649	1,388,827	-	-	45,094,476
Building and improvements	71,176,563	193,841	-	571,792	71,942,196
Equipment	13,330,284	1,246,149	(567,223)	-	14,009,210
Infrastructure	904,271,781	7,841,187	(2,670,770)	17,028,995	926,471,193
Total Depreciable Assets	1,032,484,277	10,670,004	(3,237,993)	17,600,787	1,057,517,075
Less accumulated depreciation:					
Site improvements	13,532,366	1,520,091	-	-	15,052,457
Building and improvements	17,641,780	1,569,639	-	-	19,211,419
Equipment	9,615,809	783,549	(567,223)	-	9,832,135
Infrastructure	303,377,358	18,342,933	(80,123)	-	321,640,168
Total Accumulated Depreciation	344,167,313	22,216,212	(647,346)	-	365,736,179
Total Depreciable Assets, Net	688,316,964	(11,546,208)	(2,590,647)	17,600,787	691,780,896
Total Capital Assets, Net	$ 847,862,095	$ 2,236,981	$ (5,255,065)	$ -	$ 844,844,011

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2016, as follows:

Governmental Activities:	
General government	$ 993,023
Public safety	2,485
Parks, recreation and community service	2,316,687
Public works	338,087
Community development	2,638
Internal service funds depreciation	220,359
Allocated Depreciation	3,873,279
Unallocated infrastructure depreciation	18,342,933
Total Depreciation Expense	$ 22,216,212

NOTE 7 – CAPITAL ASSETS (CONTINUED)

B. Business-Type Activities

The following is a summary of changes in the capital assets for business-type activities during the fiscal year ended June 30, 2016:

	Business-Type Activities			
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities:				
Non-depreciable assets:				
Land	$ 15,087,880	$ -	$ -	15,087,880
Construction in progress	-	1,736	-	1,736
Total Non-Depreciable Assets	15,087,880	1,736	-	15,089,616
Depreciable assets:				
Site improvements	12,941,276	-	-	12,941,276
Building and improvements	41,483,799	-	-	41,483,799
Equipment	45,877,133	3,673,195	(10,036)	49,540,292
Total Depreciable Assets	100,302,208	3,673,195	(10,036)	103,965,367
Less accumulated depreciation:				
Site improvements	2,127,149	568,221	-	2,695,370
Building and improvements	10,159,039	883,347	-	11,042,386
Equipment	24,608,029	4,031,974	(10,036)	28,629,967
Total Accumulated Depreciation	36,894,217	5,483,542	(10,036)	42,367,723
Total Depreciable Assets, Net	63,407,991	(1,810,347)	-	61,597,644
Total Capital Assets, Net	$ 78,495,871	$ (1,808,611)	$ -	$ 76,687,260

Depreciation expense for business-type activities for the fiscal year ended June 30, 2016 was charged as follows:

Business-type Activities:	
Transit enterprise fund	$ (5,483,542)

NOTE 8 – LONG-TERM DEBT

A. Governmental Activities

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2016:

					Classification	
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due More Than One Year
Lease Revenue Bonds:						
Series 2007	$ 11,595,000	$ -	$ (11,595,000)	$ -	$ -	$ -
Series 2016A (Golden Valley Road)	-	10,320,000	-	10,320,000	375,000	9,945,000
Series 2016B (OSPD)	-	14,020,000	-	14,020,000	295,000	13,725,000
Plus deferred amount for issuance premium	78,964	1,672,352	(78,964)	1,672,352	77,864	1,594,488
Total Lease Revenue Bonds	11,673,964	26,012,352	(11,673,964)	26,012,352	747,864	25,264,488
Certificates of Participation:						
Refunding, Series 2005	8,130,000	-	(8,130,000)	-	-	-
Series 2007	15,220,000	-	(15,220,000)	-	-	-
Less deferred amount for issuance discount	(45,874)	-	45,874	-	-	-
Total Certificates of Participation	23,304,126	-	(23,304,126)	-	-	-
Private Placement Lease:						
Refunding, Series 2015	-	6,985,000	(656,589)	6,328,411	1,343,868	4,984,543
Loans	300,000	-	(100,000)	200,000	100,000	100,000
Capital Leases	217,615	-	(78,738)	138,877	78,433	60,444
Compensated absences	3,313,500	1,953,217	(2,017,432)	3,249,285	2,011,570	1,237,715
Claims and judgments	1,993,915	1,410,261	(954,361)	2,449,815	1,515,623	934,192
Total	$ 40,803,120	$ 36,360,830	$ (38,785,210)	$ 38,378,740	$ 5,797,358	$ 32,581,382

NOTE 8 – LONG-TERM DEBT

A. *Governmental Activities*

Lease Revenue Bonds – Series 2007 and Certificates of Participation – Refunding Series 2005 and Series 2007

As described under Lease Revenue Bonds – Series 2016A and 2016B below, in June 2016 the Authority refunded the Lease Revenue Bonds Series 2007 of $11,595,000, Certificates of Participation, Refunding Series 2005 of $8,130,000, and Certificate of Participation Series 2007 of $15,220,000. The difference between the reacquisition price and carrying value of the refunded debt is reported as a deferred outflow of resources as of June 30, 2016, totaling $1,891,330. This amount will be amortized over the life of the refunding debt, as a component of interest expense.

Lease Revenue Bonds – Series 2016A and 2016B

In June 2016, the Authority issued Lease Revenue Refunding Bonds, Series 2016A (Golden Valley Road) and Series 2016B (OSPD), in the amount of $10,320,000 and $14,020,000, respectively. Interest on the Refunding Lease Revenue Bonds, Series 2016A, is paid as part of a variable rate between 2 percent and 4 percent payable on June 1 and December 1 of each year commencing on December 1, 2016. Interest on the Refunding Lease Revenue Bonds, Series 2016B, is paid as part of a variable rate between 2 percent and 4 percent payable on April 1 and October 1 of each year commencing on October 1, 2016. Principal payments are due annually in various amounts commencing December 1, 2016, through December 1, 2035, for Series 2016A, and October 1, 2016, through October 1, 2037, for Series 2016B. The unpaid balance as of June 30, 2016, was $10,320,000 for Series 2016A and $14,020,000 for Series 2016B.

Proceeds from the Lease Revenue Refunding Bonds, Series 2016A, along with other funds, were used to redeem and defease through advance refunding all the outstanding balance of the Lease Revenue Bonds, Series 2007. The refunding provided for a cumulative savings of $2,254,566 over the life of the bonds, resulting in an economic gain of $1,824,403 net of other funds to fund the redemption, or 15.7 percent of the refunded principal. As of June 30, 2016, the outstanding amount of the refunded Lease Revenue Bonds, Series 2007 was $11,260,000, and $11,701,841 was held in escrow to fund the redemption. These amounts are considered defeased for financial reporting purposes.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

Proceeds from the Lease Revenue Refunding Bonds, 2016B, along with other funds, were used to pay in full the outstanding principal balance of the Certificates of Participation, Series 2007. The refunding provided for a cumulative savings of $3,592,541 over the life of the bonds, resulting in a net present value savings of $2,976,635 net of other funds to fund the redemption, or 19.6 percent of the refunded principal. As of June 30, 2016, the outstanding amount of the refunded Certificates of Participation, Series 2007, was $15,070,000, and $15,925,852 was held in escrow to fund the redemption. These amounts are considered defeased for financial reporting purposes.

The annual debt service requirements on the remaining bonds are as follows:

Series 2016A:

Year Ending June 30,	Principal	Interest	Total
2017	$ 375,000	$ 321,236	$ 696,236
2018	375,000	326,600	701,600
2019	385,000	311,400	696,400
2020	400,000	295,700	695,700
2021	420,000	279,300	699,300
2022-2026	2,355,000	1,126,600	3,481,600
2027-2031	2,785,000	698,225	3,483,225
2032-2036	3,225,000	260,975	3,485,975
	$ 10,320,000	$ 3,620,036	$ 13,940,036

Series 2016B:

Year Ending June 30,	Principal	Interest	Total
2017	$ 295,000	$ 340,917	$ 635,917
2018	275,000	430,206	705,206
2019	305,000	418,606	723,606
2020	340,000	405,706	745,706
2021	375,000	391,406	766,406
2022-2026	2,430,000	1,692,131	4,122,131
2027-2031	3,435,000	1,213,610	4,648,610
2032-2036	4,430,000	711,488	5,141,488
2037-2038	2,135,000	64,875	2,199,875
	$ 14,020,000	$ 5,668,945	$ 19,688,945

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

Private Placement Lease

In July 2015, the Authority entered into a lease assignment agreement in the amount of $6,985,000 with Umpqua Bank. Interest on the lease is paid as part of a variable rate between 3.5 percent and 4.0 percent payable on October 1 and April 1 of each year commencing on October 1, 2015. Principal payments are due annually in various amounts commencing October 1, 2015, through October 1, 2020. The unpaid balance as of June 30, 2016, was $6,328,411.

Proceeds from the private placement lease along with other funds, were used to redeem and defease through advance refunding all the outstanding balance of the Refunding Certificates of Participation – Series 2005. The refunding provided for a cumulative debt service savings of $306,714 over the life of the bonds, resulting in an economic gain of $249,784 net of other funds to fund the redemption, or 3.1 percent of the refunded principal. On October 1, 2015, the Refunding Certificates of Participation, Series 2005 were fully redeemed.

The annual debt service requirements on these certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 1,343,868	$ 122,402	$ 1,466,270
2018	1,388,803	94,674	1,483,477
2019	1,418,260	66,198	1,484,458
2020	1,447,109	37,110	1,484,219
2021	730,371	7,450	737,821
	$ 6,328,411	$ 327,834	$ 6,656,245

Loans

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due More Than One Year
HUD Loans:						
Boys & Girls Club	$ 74,000	$ -	$ (23,000)	$ 51,000	$ 23,000	$ 28,000
Scherzinger Lane	226,000	-	(77,000)	149,000	77,000	72,000
Total Loans	$ 300,000	$ -	$ (100,000)	$ 200,000	$ 100,000	$ 100,000

In August 2002, the City entered into a loan agreement with the Secretary of Housing and Urban Development in the amount of $350,000. The purpose of this loan was to assist the Boys & Girls Club in financing the construction of a new gymnasium. Payments are due semi-annually, commencing on February 1, 2003, and continuing through August 1, 2017. Future CDBG grant funding will be used to repay the loan. The interest rate on this loan is fixed at 0.56 percent. The amount outstanding at June 30, 2016, is $51,000.

In August 2002, the City entered into a loan agreement with the Secretary of Housing and Urban Development in the amount of $1,150,000. The purpose of this loan was to provide financing for the construction of improvements to Scherzinger Lane. Payments are due semi-annually, commencing on February 1, 2003, and continuing through August 1, 2017. Future CDBG grant funding will be used to repay the loan. The interest rate on this loan is fixed at 0.56 percent. The amount outstanding at June 30, 2016, is $149,000.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

Future payment requirements for the loans are combined as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 100,000	$ 8,605	$ 108,605
2018	100,000	2,885	102,885
Total	$ 200,000	$ 11,490	$ 211,490

Capital Leases

On February 28, 2012, the City Council approved a lease-purchase agreement with One Source Financial Corporporation for two seven-bin sorters for the Canyon Country and Valencia Library branches in the amount of $251,455. The lease agreement has 60 monthly payments of $4,825 with an interest rate of 6 percent. The final payment is due May 15, 2017. The lease was assigned by One Source Financial Corp. to Bank of the West.

The assets acquired through the capital lease are as follows:

Equipment	$ 252,068
Less: accumulated depreciation	(159,643)
Total	$ 92,425

Future capital lease payment requirements are as follows:

Year Ending June 30,	Total
2017	$ 53,078
Net minimum lease payments	53,078
Less: amount representing interest	(1,544)
Present value of net minimum lease payments	$ 51,534

On August 1, 2014, the City Council approved a lease-purchase agreement with Canon Financial Services, Inc. to install a Canon Image Runner C5045 for the Canyon Country and Valencia Library branches in the amount of $13,433. The lease agreement has 60 monthly payments of $279 with an interest rate of 9.024 percent. The final payment is due August 1, 2019. The lease was assigned by Canon Financial Services, Inc.

The assets acquired through the capital lease are as follows:

Equipment	$ 13,433
Less: accumulated depreciation	(2,463)
Total	$ 10,970

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

Future capital lease payment requirements are as follows:

Year Ending June 30,	Total
2017	$ 3,348
2018	3,348
2019	3,348
2020	279
Net minimum lease payments	10,323
Less: amount representing interest	(1,341)
Present value of net minimum lease payments	$ 8,982

On August 1, 2014, the City County approved a lease-purchase agreement with Canon Financial Services, Inc. to install a Canon Image Runner C5045 for the Canyon Country and Valencia Library branches in the amount of $121,956. The lease agreement has 60 monthly payments of $2,270 with an interest rate of 4.42 percent. The final payment is due August 1, 2019. The lease was assigned by Canon Financial Services, Inc.

The assets acquired through the capital lease are as follows:

Equipment	$ 121,956
Less: accumulated depreciation	(22,359)
Total	$ 99,597

Future capital lease payment requirements are as follows:

Year Ending June 30,	Total
2017	$ 27,235
2018	27,235
2019	27,235
2020	2,270
Net minimum lease payments	83,975
Less: amount representing interest	(5,614)
Present value of net minimum lease payments	$ 78,361

Compensated Absences

The City's liability for accrued and unpaid compensated absences in the governmental activities totaled $3,249,285 at June 30, 2016. The majority of compensated absences are liquidated through the General Fund.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

Claims and Judgments

The City's liability for outstanding claims and judgments is $2,449,815 at June 30, 2016 (see Note 17).

B. Business-Type Activities

Compensated Absences

The City's liability for accrued and unpaid compensated absences in the business-type activities at June 30, 2016, is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due More Than One Year
Compensated absences	$ 75,251	$ 52,745	$ (45,599)	$ 82,397	$ 51,460	$ 30,937

NOTE 9 – DEPOSITS PAYABLE

The City collects deposits for a) improvements within the City, b) donations received for specified services, and c) deposits received in advance for recreation programs or other department services. These balances represent amounts that have been collected for which the eligibility requirements for revenue recognition have not been met. As of June 30, 2016, deposits payable were as follows:

General Fund:	
Deposits from developers	$ 2,629,168
Other deposits payable	315,233
Total Deposits Payable	$ 2,944,401

NOTE 10 – DEVELOPER CREDITS

The City and County of Los Angeles have established the Santa Clarita Valley Bridge and Major Thoroughfare Districts to accommodate the needs of future development anticipated by the County of Los Angeles and the City of Santa Clarita General Plans. Included in the formation documents are provisions for district fees to be paid by developers, which are to be used to assist the City in constructing and maintaining the infrastructure within the areas of benefit. In lieu of paying the district fees, developers are allowed to donate infrastructure (roadways, bridges, intersections, and interchanges) necessary for the future development of the districts. In certain cases, the developer may donate infrastructure with a value that exceeds the district fees collected. If this occurs, the developer can receive a credit toward future district fees or request a cash withdrawal of the excess amount, subject to City approval if funding is determined to be available. As of June 30, 2016, the City accrued a liability of $44,986,509 for the value of infrastructure donated in excess of the district fees that were owed. There is no maturity schedule for the developer payables, and it has been determined that current financial resources will not be used to repay the liability; therefore, the liability has been recorded as a long-term obligation in the governmental activities in the Statement of Net Position.

NOTE 10 – DEVELOPER CREDITS (CONTINUED)

The following is a summary of developer credits by district for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Bridge and Thoroughfare Credits:				
Bouquet District	$ 9,907,721	$ 9,818,408	$ (2,409,947)	$ 17,316,182
Eastside District	13,603,430	-	(1,675,542)	11,927,888
Via Princessa District	35,256	136,008	-	171,264
Valencia District	15,571,175	-	-	15,571,175
Total Bridge and Thoroughfare Credits	39,117,582	9,954,416	(4,085,489)	44,986,509

NOTE 11 – INTERFUND TRANSACTIONS

A. Due To/Due From

At June 30, 2016, the City had the following short-term interfund receivables and payables:

	Due From Other Funds
	General
Due to Other Funds:	
Non-Major Governmental Funds	$ 3,117,635

B. Advances

At June 30, 2016, the City had the following interfund advances:

	Advances To Other Funds		
	General	Developer Fees	Total
Advances From Other Funds:			
Major Governmental Funds:			
Bridge and Thoroughfare	$ 1,914,943	$ 120,185	$ 2,035,128
Public Library	9,139,862	-	9,139,862
Total	$ 11,054,805	$ 120,185	$ 11,174,990

In March 2006, the General Fund advanced the Bridge and Thoroughfare Special Revenue Fund $430,000 for acquisition of land. The advance accrues interest at a rate equal to the yield of the average monthly investment portfolio and will be repaid with future available resources of the Bridge and Thoroughfare Special Revenue Fund. There is no fixed repayment schedule. At June 30, 2016, the amount of the advance outstanding is $549,004.

NOTE 11 – INTERFUND TRANSACTIONS (CONTINUED)

B. Advances (Continued)

In December 2007, the General Fund advanced the Bridge and Thoroughfare Special Revenue Fund $3,000,000 to pay outstanding developer payables at the time. The advance accrues interest at a rate equal to the yield of the average monthly investment portfolio and will be repaid with future available resources of the Bridge and Thoroughfare Special Revenue Fund. There is no fixed repayment schedule. At June 30, 2016, the amount of the advance outstanding is $962,524.

In July 2015, the General Fund advanced the Bridge and Thoroughfare Special Revenue Fund $400,000 to acquire the right-of-way for the project that will design and widen the Newhall Ranch Road Bridge over the San Francisquito Creek. The advance accrues interest at a rate equal to the yield of the average monthly investment portfolio and will be repaid with future available resources of the Bridge and Thoroughfare Special Revenue Fund. There is no fixed repayment schedule. At June 30, 2016, the amount of the advance outstanding is $403,415.

In July 2010, the Developer Fees Special Revenue Fund advanced the Bridge and Thoroughfare Special Revenue Fund $111,242 for the design and construction costs of the Newhall Avenue Pedestrian, Facilities, and Sidewalk project. The advance accrues interest at a rate equal to the yield of the average monthly investment portfolio and will be repaid with future available resources of the Bridge and Thoroughfare Special Revenue Fund. There is no fixed repayment schedule. At June 30, 2016, the amount of the advance outstanding is $120,185.

The General Fund advanced the Public Library Special Revenue Fund $9,139,862, which consists of the following individual advances:

In March 2011, the General Fund advanced the Public Library Special Revenue Fund $1,348,000 for the acquisition of opening-day library materials and library furnishings and equipment. The advance accrues interest at a rate equal to the rate of return on investments and shall be repaid with future available resources of the Public Library Special Revenue Fund. At June 30, 2016, the principal amount of the advance of $679,945 is outstanding.

In April 2011, the General Fund advanced the Public Library Special Revenue Fund $388,323 for the acquisition of a radio frequency identification system and related software for the Santa Clarita Public Library. The advance accrues interest at a rate equal to the rate of return on investments and shall be repaid with future available resources of the Public Library Special Revenue Fund. At June 30, 2016, the principal amount of the advance of $388,323 is outstanding.

In May 2011, the General Fund advanced the Public Library Special Revenue Fund $8,071,596 for the acquisition of library facilities, real property, personal property, and collections from the County of Los Angeles. The advance accrues interest at a rate equal to the rate of return on investments and shall be repaid with future available resources of the Public Library Special Revenue Fund. At June 30, 2016, the principal amount of the advance of $8,071,594 is outstanding.

NOTE 11 – INTERFUND TRANSACTIONS (CONTINUED)

C. Transfers

At June 30, 2016, the City had the following transfers:

	Transfers Out			
	General Fund	Bridge and Thoroughfare	Developer Fees	Public Library
Transfers in:				
General Fund	$ -	$ 4,136	$ 86,596	$ 2,760
Landscape Maintenance District #1	10,000	-	-	-
Non-Major Governmental Funds	5,747,228	-	-	-
Transit Enterprise	-	-	-	-
Internal Service Funds	76,219	-	-	-
Total	$ 5,833,447	$ 4,136	$ 86,596	$ 2,760

	Transfers Out				
	Landscape Maintenance District #1	Non-Major Governmental Funds	Transit Enterprise Fund	Internal Service Funds	Total
Transfers in:					
General Fund	$ 113,041	$ 642,793	$ 196,204	$ 446,185	$ 1,491,715
Landscape Maintenance District #1	-	-	-	-	10,000
Non-Major Governmental Funds	122,974	4,564,956	3,690	-	10,438,848
Transit Enterprise	-	6,590,158	-	-	6,590,158
Internal Service Funds	-	-	-	-	76,219
Total	$ 236,015	$ 11,797,907	$ 199,894	$ 446,185	$ 18,606,940

The General Fund made transfers to non-major governmental funds for operating and capital improvement projects for $1,955,384 and current year debt service payments for $3,801,844, totaling $5,757,228. Transfers from the General Fund to the Self-Insurance Internal Service Fund of $76,219 were for risk management operations. Transfers to the General Fund from the Self-Insurance Internal Service Fund for $440,674 consist primarily of Phase II of Edwards billboard removal settlement.

The Bridge and Thoroughfare, Developer Fees, Public Library, and Landscape Maintenance District #1 Special Revenue Funds, non-major governmental funds, Transit Enterprise Fund, and Self-Insurance Internal Service Fund made transfers to the General Fund for current year post-employment benefits, totaling $221,427.

The Landscape Maintenance District #1 Special Revenue Fund made transfers to the General Fund and the non-major governmental fund for operating costs for $189,096.

The non-major governmental funds made transfers to the General Fund for operating and replacement costs for $613,492. Transfers from non-major governmental funds to non-major governmental funds of $4,565,956 represents debt service payments for the 2007 Certificates of Participation (OSPD). Transfers from the non-major governmental funds to the Transit Enterprise Fund totaling $6,590,158 were to transfer Proposition A and Proposition C non-operating revenues in the current year.

The Transit Enterprise Fund made transfers to the General Fund for $150,000 to support the senior center transit operations. Transfers to non-major governmental funds for $3,690 were for the proportional share of Metrolink station maintenance.

NOTE 12 – FUND BALANCES AND NET POSITION

A. Fund Balance Classification

The details of fund balance of the governmental funds as of June 30, 2016, are presented below:

	Major Governmental Funds						
	General Fund	Bridge and Thoroughfare	Developer Fee	Public Library	Landscape Maintenance District #1	Non-Major Governmental Funds	Total
Nonspendable:							
Prepaid items	$ 202,769	$ -	$ -	$ 38,061	$ 168,441	$ 17,146	$ 426,417
Advances to other funds	10,905,483 *	-	-	-	-	-	10,905,483
Total Nonspendable	11,108,252	-	-	38,061	168,441	17,146	11,331,900
Restricted:							
Landscape maintenance	-	-	-	-	32,418,435	5,456,876	37,875,311
Capital improvements	-	4,058,268	3,249,260	-	-	8,862,738	16,170,266
Transportation	-	-	-	-	-	14,740,999	14,740,999
Open space preservation	-	-	-	-	-	6,390,594	6,390,594
Public safety	-	-	1,437,368	-	-	336,692	1,774,060
Public library	-	-	-	-	-	850,857	850,857
Air quality improvement	-	-	-	-	-	717,331	717,331
Stormwater	-	-	-	-	-	5,476,592	5,476,592
Public education and government	-	-	-	-	-	1,683,950	1,683,950
Tourism marketing	-	-	-	-	-	875,915	875,915
Low- and moderate-income housing	-	-	-	-	-	594,823	594,823
Total Restricted	-	4,058,268	4,686,628	-	32,418,435	45,987,367	87,150,698
Committed:							
Capital improvements	-	-	14,000	-	-	-	14,000
Assigned:							
Capital projects	21,500,000	-	50,757	-	-	1,830,971	23,381,728
Claims and settlements	5,156,328	-	-	-	-	-	5,156,328
Public facilities replacement	52,710,756	-	-	-	-	-	52,710,756
Total Assigned	79,367,084	-	50,757	-	-	1,830,971	81,248,812
Unassigned	50,669,580	-	-	(6,973,654)	-	(1,544)	43,694,382
Total Fund Balances	$ 141,144,916	$ 4,058,268	$ 4,751,385	$ (6,935,593)	$ 32,586,876	$ 47,833,940	$ 223,439,792

* Accrued interest on General Fund advances to other funds of $149,322, do not provide current financial resources and are reported as deferred inflows of resources for unavailable revenues.

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN

General Information about the Pension Plan

A. Plan Description

The City's defined benefit pension plan, California Public Employees' Retirement System (CalPERS), provides pensions for all permanent full-time general and some part-time employees of the City. CalPERS is an agent-multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System. CalPERS acts as a common investment and administrative agent for its participating member employers and are included within Public Employees' Retirement Fund A (PERF A). Benefits provisions under the Plan are established by State statute and may be amended by City resolution. CalPERS issues a publicly available financial report, which includes a full description of the pension plan regarding benefit provisions, and assumptions and membership information that can be obtained at https://www.calpers.ca.gov.

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

B. Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members 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 (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of June 30, 2016 are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
Formula	2.7% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of annual salary	2.7%	2.0%	2.0%
Required employee contribution rates*	8%	7%	6.25%
Required employer contribution rates	14.185%	14.185%	14.185%
	Tier 1	Tier 2	Tier 3
Applies to:	Employees hired before April 9, 2011**	Employees hired between April 9, 2011, and December 31, 2012, or those hired January 1, 2013, or later, who have been a Classic CalPERS member with a public agency or in a Classific reciprocal plan within the last 6 months). **	Employees hired January 1, 2013, or later **

* For unrepresented Tier 1 participants, the City pays 4% of the required employee contribution. For the SEIU Tier 1 participants, the City pays 3% of the required employee contributions. The City does not pay any portion of the employee contribution for Tier 2 or Tier 3 participants. These payments are classified as employee contributions in accordance with GASB 68.

** Those hired as part-time seasonal (PTS) who later convert to regular full-time will qualify for Tier 1, 2 or 3 depending on their conversion date.

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

C. Employees Covered by Benefit Terms

At June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	133
Employees entitled to but not yet receiving benefits	347
Active employees	386
	866

The information was obtained from the CalPers Annual Valuation Report as of June 30, 2014, and is the most recent information available.

D. Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Refer to Section B for required contribution rates during the year ended June 30, 2016, including amounts paid by the City related to employees' required contribution rates. The employer contributions during the year ended June 30, 2016 were $3,958,892.

E. Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65 percent
Inflation	2.75 percent
Salary increases	3.3 to 14.2 percent by Entry, Age and Service
Investment rate of return	7.65 percent

Mortality rates were based on the 2014 CalPERS actuarial experience study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale AA. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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. In determining the long-term expected 7.65 percent rate of return on pension plan investments, CalPERS took into account both short- and long-term market return expectations, as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19-year horizon was ideal in determining the level equivalent discount rate assumption. 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- 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- 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for each Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Expected Real Rate of Return 1-10 Years (a)	Expected Real Rate of Return 11+ Years (b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	19.0%	0.99	2.43
Inflation Assets	6.0%	0.45	3.36
Private Equity	10.0%	6.83	6.95
Real Assets	10.0%	4.50	5.13
Infrastructure and Forestland	2.0%	4.50	5.09
Liquidity	2.0%	-0.55	-1.05
	100%		

(a) An expected inflation rate of 2.5% used for this period
(b) An expected inflation rate of 3.0% used for this period

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

F. Changes of Assumptions

GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

G. Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.65 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent 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.

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

H. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 138,388,376	$ 111,512,216	$ 26,876,160
Changes recognized for the measurement period:			
Service cost	4,418,053	-	4,418,053
Interest	10,443,680	-	10,443,680
Changes of benefit terms	-	-	-
Differences between expected and actual experience	416,626	-	416,626
Changes in assumptions	(3,009,808)	-	(3,009,808)
Plan to Plan Resource Movement	-	9,685	(9,685)
Contributions from the employer	-	3,740,145	(3,740,145)
Contributions from the employees	-	2,164,107	(2,164,107)
Net investment income	-	2,506,239	(2,506,239)
Benefit payments, including refunds of employee contributions	(2,971,092)	(2,971,092)	-
Administrative expense	-	(131,529)	131,529
Net changes	9,297,459	5,317,555	3,979,904
Balances at June 30, 2015	$ 147,685,835	$ 116,829,771	$ 30,856,064

The City has allocated the proportion of the net pension liability and related components based on the share of contributions to the pension plan relative to the total contributions to the City. At June 30, 2016, the total net pension liability was proportionately allocated as follows:

	Government Activities	Transit Enterprise Fund	Total Net Pension Liability
Net pension liability	$ 29,771,723	$ 1,084,341	$ 30,856,064

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.65 percent, 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 (6.65 percent) or 1-percentage point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net pension liability	$ 54,743,102	$ 30,856,064	$ 11,408,802

NOTE 13 – AGENT MULITPLE-EMPLOYER PLAN (CONTINUED)

J. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

K. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expenses of $3,013,471. At June 30, 2016, 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
Net difference between projected and actual earnings on pension plan investments	$ -	$ (691,589)
Changes in assumptions	-	(2,340,961)
Differences between expected and actual experience	324,042	-
City contributions subsequent to the measurement date	3,958,892	
Total	$ 4,282,934	$ (3,032,550)

At June 30, 2016, the total deferred outflow of resources and deferred inflow of resources related to the net pension liability was proportionately allocated as follows:

	Governmental Activities	Transit Enterprise Fund	Total
Deferred outflows of resources	$ 4,131,733	$ 151,201	$ 4,282,934
Deferred inflows of resources	(2,925,290)	(107,260)	(3,032,550)

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of $3,958,892, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2017. The amortization period differs depending on the source of the gain or loss. Differences between projected and actual investment earnings are amortized on a 5-year straight-line basis and all other amounts are amortized over the average expected remaining service lives of all members that are provided with benefits. As of the June 30, 2015 measurement date, the expected average remaining service lifetime is 4.5 years. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Deferred Outflows/(Inflows) of Resources
2017	$ (1,212,601)
2018	(1,212,601)
2019	(1,212,603)
2020	929,297
Total	(2,708,508)

NOTE 14 – POST-EMPLOYMENT HEALTH BENEFITS

A. *Plan Description*

The City has elected through resolution to provide healthcare benefits as a single-employer defined benefit plan to retirees, spouses, and eligible dependents of the City. This plan provides post-employment medical insurance benefits through the CalPERS Health Plan (the Plan). A separate financial report is not issued.

B. *Eligibility*

City employees who have a service retirement from the City at age 50 with five or more years of service are eligible to receive post-employment medical benefits. Employees who have a disability retirement are also eligible. The benefit for employees hired before January 1, 2008 is $1,017 per month. The maximum benefit will be adjusted when the lowest cost employee rate, plus one, exceeds $1,017. No minimum years of service were required for the employees hired before January 1, 2008 and retired before January 1, 2012 and represented employees hired before January 1, 2008 and retired after January 1, 2012 and before January 1, 2014. For employees hired after January 1, 2008 the following vesting applies:

Years of Service	Vested Percentage
0 to 5 years	0%
5 to 9 years	50%
1 to 14 years	75%
15 years and greater	100%

Employees hired after January 1, 2008, receive the PERS minimum and are not subject to a vesting schedule.

As of the most recent valuation dated June 30, 2014, the total participants in the Plan are as follows:

Participants	Total
Active employees	359
Retirees	78
Total	437

C. *Funding Policy*

The City pays an allowance toward the healthcare benefits paid to retirees, spouses, and eligible dependents under a City resolution that can be amended by the City Council. During the year ended June 30, 2016, the City contributed $1,370,000 to the irrevocable OPEB Trust fund.

The City conducted an actuarial valuation to determine the City's obligation to fund OPEB and determined that it served the City's interests to prefund those benefits. In December 2011, the City Council approved Resolution 11-89 adopting the Public Agencies Post-Retirement Health Care Plan Document and Trust Agreement. The OPEB Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement No. 45. The Plan Trustee is U.S. Bank, and Public Agencies Retirement Services (PARS) is the Trust Administrator. The City elected a discretionary investment approach with a blended investment objective strategy. The primary objective is to maximize total Plan return, subject to the risk and quality constraints established. The Plan's targeted rate of return is 6.5 percent. The asset allocation ranges for this objective are 0 percent to 20 percent cash source, 30 percent to 50 percent fixed income, and 50 percent to 70 percent equity.

NOTE 14 – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

C. Funding Policy (Continued)

For fiscal year 2015-2016, the maximum benefit paid by the City , on an individual basis, for employees and retirees was:

	Retirees	Employees
Unrepresented	$ 12,199	$ 15,072
SEIU Local 347	12,199	15,072

D. 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 the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's OPEB asset for the Plan:

	Total
Annual required contribution	$ 1,295,000
Interest on OPEB asset	(465,000)
Adjustment to annual required contribution	544,000
Annual OPEB cost (expense)	1,374,000
Contributions made	1,370,000
Decrease in OPEB asset	4,000
OPEB asset - beginning of year	7,154,774
OPEB asset - end of year	$ 7,150,774

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset as of June 30, 2016, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	OPEB Asset (Obligation)
June 30, 2014	$ 2,312,000	$ 2,303,000	99.6%	$ 6,214,930
June 30, 2015	1,438,000	2,377,844	165.4%	7,154,774
June 30, 2016	1,374,000	1,370,000	99.7%	7,150,774

NOTE 14 – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

E. Funded Status and Funding Progress

As of the most recent actuarial valuation date on June 30, 2014, the Plan was 93.6 percent funded. The actuarial accrued liability for benefits was $28.9 million, and the actuarial value of assets was $27.0 million, resulting in a UAAL of $1.9 million. The covered payroll (annual payroll of active employees covered by the Plan) was $27.4 million, and the ratio of UAAL to the covered payroll was 6.71 percent.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the Plan and the ARC are subject to continual revision, as actual results are compared with past expectations, and new estimates are made about the future.

In the June 30, 2014, actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions include a 6.50 percent investment rate of return, which is based on the expected return on funds invested by PARS, and an annual healthcare cost trend rate of 7.80 percent initially and reduced by decrements of 0.6 percent to an ultimate rate of 5.0 percent thereafter. The actuarial assumption for inflation was 3.00 percent, and the aggregate payroll increase was 3.25 percent used in the actuarial valuation. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 19 years.

NOTE 15 – INDIVIDUAL FUND DISCLOSURES – DEFICIT FUND BALANCE

Funds that have a deficit fund balance at June 30, 2016, are as follows:

Fund	Deficit Fund Balance
Major Funds:	
Public Library Special Revenue Fund	$ (6,935,593)
Non-Major Governmental Funds:	
Surface Transportation Program	(699)
BJA Law Enforcement Special Revenue Fund	(845)

The City plans to eliminate the deficit in the Public Library Special Revenue Fund with future property tax receipts. The non-major governmental fund deficits will be eliminated when the intergovernmental receivables are collected in future periods.

NOTE 16 – DEFERRED COMPENSATION PLAN/DEFINED CONTRIBUTION PLAN

The City has established deferred compensation/defined contribution plans for certain classifications of management under IRC Section 401(a). City participation in contributions to the plans is mandatory. The City is obligated to contribute amounts ranging from $2,000 to $18,000 per participant per year. Employee contributions to certain plans are voluntary. During the year ended June 30, 2016, there were 990 participants in the plans. The City's contributions totaled $192,071, and employees' contributions totaled $2,259,212.

NOTE 17 – SELF-INSURANCE

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 joined Special Districts Risk Management Authority (SDRMA) in the fall of 2005. SDRMA is a self-insurance risk pool that serves as a not-for-profit public agency to its members. Through SDRMA, the City currently holds a $500 general liability deductible. All general liability claims above $500 and up to a limit of $10,000,000 are handled by SDRMA. The City's workers' compensation coverage is also administered by SDRMA. The City is self-insured for workers' compensation up to $250,000, but has purchased coverage through SDRMA for individual claims exceeding $250,000 up to a maximum of $5,000,000. Settlements have not exceeded coverages for each of the past three fiscal years.

The annual member contribution is $1,415,444 for the property/liability program and the workers' compensation program (based on estimated wages).

At June 30, 2016, $80,000 was accrued by the City for general liability claims, and $2,369,815 was accrued for workers' compensation claims and judgments. These accruals represent estimates of amounts to be paid for incurred and reported claims, as well as IBNR claims based upon past experience and modified for current trends and information.

Changes in the reported claims liability since June 30, 2014, resulted in the following:

Claims liability as of June 30, 2014	$	2,157,763
Claims and changes in estimates during the year ended June 30, 2015		1,028,290
Claims and payments during the year ended June 30, 2015		(1,192,138)
Claims liability as of June 30, 2015		1,993,915
Claims and changes in estimates during the year ended June 30, 2016		1,430,171
Claims and payments during the year ended June 30, 2016		(974,271)
Claims liability as of June 30, 2016	$	2,449,815

NOTE 18 – NON-COMMITMENT DEBT

A. 1915 Act Limited Obligation Improvements Bonds

On July 24, 1996, $879,432 of 1915 Act Limited Obligation Improvement Bonds (1915 Golden Valley Road Bonds) for the Golden Valley Road Improvement Assessment District (the Golden Valley Assessment District) were issued. The 1915 Golden Valley Road Bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The source of the debt service is from the property assessments within the Golden Valley Assessment District. The principal amount of debt outstanding at June 30, 2016, was $330,000.

B. 1915 Act Limited Obligation Improvements Bonds

On January 27, 2000, $790,000 of 1915 Act Limited Obligation Improvement Bonds (1915 Vermont Drive/Everett Drive Bonds) for the Vermont Drive/Everett Drive Improvement Assessment District (the Vermont/Everett Assessment District) were issued. The 1915 Vermont Drive/Everett Drive Bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The source of the debt service is from the property assessments within the Vermont/Everett Assessment District. The principal amount of the debt outstanding at June 30, 2016, was $430,000.

C. Community Facilities District No. 2002-1 Special Tax Bonds

On October 29, 2002, $17,370,000 of Special Tax bonds were issued for Community Facilities District No. 2002-1 (the Community Facilities District). On October 12, 2012, these bonds were refunded with the issuance of Community Facilities District No. 2002-1 (Valencia Town Center) Special Tax Refunding bonds for $16,485,000. The Special Tax Refunding bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The source of the debt service is from the property assessments within the Community Facilities District. The principal amount of the debt outstanding at June 30, 2016 was $15,420,000.

NOTE 19 – SANTA CLARITA WATERSHED RECREATION AND CONSERVANCY AUTHORITY

In June 1992, the City entered into a joint powers agreement with the Santa Monica Mountains Conservancy (the Conservancy) to create the Watershed Authority. The purpose of the Watershed Authority is to acquire, develop, and conserve additional park and open space lands, including water- oriented recreation and conservation projects. The governing board consists of two representatives from the Conservancy and two from the City.

The City performs administrative functions for the Watershed Authority. As a result, the Watershed Authority is reported as an agency fund in these financial statements. The Watershed Authority may request the City to make annual contributions. For the year ended June 30, 2016, the City did not make any contributions. Separate financial statements for the Santa Clarita Watershed Recreation and Conservancy Authority can be obtained from the City's administrative offices at 23920 Valencia Boulevard, Santa Clarita, California 91355.

NOTE 20 – SANTA CLARITA PUBLIC TELEVISION AUTHORITY

In July 2009, the City entered into a joint powers agreement with the William S. Hart School District (the District) to create the Santa Clarita Public Television Authority (SCPTA). As a result, the SCPTA is reported as an Agency fund in these financial statements. The purpose of the SCPTA is to provide a forum for public, educational, and governmental television programs by the members, individuals, and organizations in the community. The following entities have joined the SCPTA: Saugus Union School District, Newhall School District, Sulfur Springs School District, Castaic Union School District, and College of the Canyons. The SCPTA has a seven-member Board of Directors consisting of one member appointed by each school district, one member from the College, and one member from the City.

The City performs administrative functions for the SCPTA, and may, at the SCPTA's request, make annual contributions. For the year ended June 30, 2016, the City contributed $124,724. Separate financial statements for the Santa Clarita Public Television Authority are prepared biannually and can be obtained from the City's administrative offices at 23920 Valencia Boulevard, Santa Clarita, California 91355.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The City has active construction projects as of June 30, 2016. At year-end, the City's commitments with contractors for infrastructure projects are as follows:

Project	Contract Amount	Expenditures to Date as of June 30, 2016	Remaining Commitments
Pavement	$ 575,440	$ 349,658	$ 225,782
Bridges	1,251,191	1,158,686	92,505
Sidewalks	3,911,892	2,140,158	1,771,734
Medians	958,210	532,392	425,818
Trails	439,301	190,307	248,994
Traffic Signals	10,000	9,497	503

B. Encumbrances

The City utilizes encumbrance accounting as a means of controlling expenditures. Under this method, funds are encumbered when purchase orders, contracts, and other commitments are signed or approved by authorized City officials. Such outstanding commitments at year-end do not constitute expenditures or liabilities.

Encumbrances of balances within the governmental funds are classified as either restricted or assigned and are included in the respective categories. These encumbrances are not separately classified in the financial statements and are summarized at June 30, 2016, as follows:

	Amount
General Fund	$ 756,319
Other governmental funds	15,476,396

NOTE 21 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Contingencies

The City has received Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

In the opinion of management and legal counsel, there are no liabilities that would have a substantial adverse effect on the financial position of the City as of June 30, 2016.

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill), which provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that had previously reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City Resolution No. 12-3.

Each year, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

A. Cash and Investments

The balance of cash and investments at June 30, 2016, classified in the accompanying financial statements as follows:

	RDA Successor Agency
Cash and investments pooled with City	$ 1,568,537
Restricted:	
Cash and investments	10,224
Cash and investments with fiscal agent	1,166,084
Total	$ 2,744,845

B. Land Held for Resale

As of June 30, 2016, the Successor Agency has $222,579 of land held for resale, which is reported at net realizable value. There were no changes in the book value during the current year.

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

C. Due From Other Governments

Pursuant to Health and Safety Code section 34167.5, in February 2015, the State Controller's Office (SCO) reviewed all asset transfers made by the former RDA to the City after January 1, 2011. As a result of this review, the SCO concluded that assets transferred after January 1, 2011, included unallowable transfers to the City totaling $14,628,194. In subsequent actions, the City returned property valued at $763,436 to the Successor Agency, leaving $13,864,758 in unallowable transfers to be returned by the City to the Successor Agency as of February 2015. The City has transferred certain assets to the Successor Agency. As of June 30, 2016, $7,734,479 of these unallowable transfers remains due from the City to the Successor Agency.

D. Capital Assets

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
RDA Successor Agency:				
Non-depreciable assets:				
Land	$ 532,878	$ -	$ (532,878)	$ -
Depreciable assets:				
Site improvements	110,310	-	-	110,310
Infrastructure	4,287,341	-	-	4,287,341
Total Depreciable Assets	4,397,651	-	-	4,397,651
Less accumulated depreciation:				
Site improvements	15,443	4,413	-	19,856
Infrastructure	395,351	85,746	-	481,097
Total Accumulated Depreciation	410,794	90,159	-	500,953
Total Depreciable Assets, Net	3,986,857	(90,159)	-	3,896,698
Total Capital Assets, Net	$ 4,519,735	$ (90,159)	$ (532,878)	$ 3,896,698

The total depreciation expense charged to the RDA Successor Agency as of June 30, 2016, was $90,159.

E. Long-Term Debt

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Classification: Due Within One Year	Classification: Due More Than One Year
RDA Successor Agency:						
Loans from the City of Santa Clarita	$ 12,633,832	$ 3,153,532	$ (100,306)	$ 15,687,058	$ -	$ 15,687,058
Tax Allocation Bonds:						
Series 2008	27,195,000	-	(510,000)	26,685,000	530,000	26,155,000
Housing Set-Aside	8,060,000	-	(150,000)	7,910,000	155,000	7,755,000
Less deferred amounts for unamortized discounts	(127,196)	5,530	-	(121,666)	(5,330)	(116,336)
Total Tax Allocation Bonds	35,127,804	5,530	(660,000)	34,473,334	679,670	33,793,664
Total	$ 47,761,636	$ 3,159,062	$ (760,306)	$ 50,160,392	$ 679,670	$ 49,480,722

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

E. Long-Term Debt (Continued)

Loans from the City of Santa Clarita
At June 30, 2015, the California Department of Finance (DOF) approved the advances to the former redevelopment agency consisting of the promissory notes outstanding between the City and the former redevelopment agency entered into between the periods of July 1996 and June 2010. These consist of notes outstanding from the General Fund and the Developer Fees Special Revenue Fund in the amounts of $7,225,964 and $5,407,868, respectively using a LAIF rate of 0.26 percent, which was in effect when the Oversight Board reinstated the loans on February 25, 2015. On September 22, 2015, the Committee on Budget and Fiscal Review of the California State Senate approved SB 107. A mandate of this legislation included a recalculation of the notes to the RDA Successor Agency using a 3 percent simple interest from the origination of the note, instead of the LAIF rate. As such, the City increased the amounts reported as of June 30, 2016 in the General Fund and Developer Fees Special Revenue Fund to $9,254,794 and $6,432,264, respectively. The unpaid accrued interest of these notes is $2,341,208 and $1,112,378, respectively.

Tax Allocation Bonds
The former redevelopment agency issued Tax Allocation Bonds, which are special obligations of the Successor Agency secured by pledged property tax revenues. The bonds are not a debt of the City nor payable out of any funds or properties other than those of the Successor Agency.

Tax Allocation Bonds – Series 2008
On June 12, 2008, the former redevelopment agency issued the Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008, in the amount of $29,860,000. Proceeds of the bonds were used to finance certain projects of the former redevelopment agency, fund a debt service reserve account, and pay for costs of the bond issuance. The bonds were issued at a net discount of $165,906, which will be amortized and recognized as interest expense over the life of the debt on a straight-line basis. This bond issue comprises $12,065,000 serial bonds maturing annually, commencing on October 1, 2011, through 2028, and three term bonds (totaling $17,795,000) maturing on October 1, 2032, October 1, 2037, and October 1, 2042, that are payable in annual sinking fund installments commencing on October 1, 2029. Interest on the bonds is payable semi-annually on October 1 and April 1 at rates ranging from 4.00 percent to 4.75 percent for the serial bonds and from 4.75 percent to 5.00 percent for the term bonds.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 530,000	$ 1,250,548	$ 1,780,548
2018	550,000	1,228,948	1,778,948
2019	575,000	1,206,448	1,781,448
2020	595,000	1,183,048	1,778,048
2021	620,000	1,158,360	1,778,360
2022-2026	3,510,000	5,360,143	8,870,143
2027-2031	4,390,000	4,454,894	8,844,894
2032-2036	5,545,000	3,274,450	8,819,450
2037-2041	7,040,000	1,742,941	8,782,941
2042-2043	3,330,000	168,500	3,498,500
Total	$ 26,685,000	$ 21,028,280	$ 47,713,280

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

E. Long-Term Debt (Continued)

Tax Allocation Bonds – Housing Set-Aside

On June 12, 2008, the former redevelopment agency issued the Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008, in the amount of $8,850,000. Proceeds of the bonds were used to finance low- and moderate-income housing projects and programs, fund a reserve fund, and pay for costs of the bond issuance. The bond issue comprises $3,550,000 of serial bonds maturing annually on October 1 through 2028, and three term bonds (totaling $5,300,000) maturing on October 1, 2032, October 1, 2037, and October 1, 2042, that are payable in annual sinking fund installments commencing on October 1, 2029. Interest on the bonds is payable semi-annually on October 1 and April 1 at rates ranging from 4.00 percent to 4.875 percent for the serial bonds and at 5.00 percent for the term bonds.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 155,000	$ 376,856	$ 531,856
2018	160,000	370,556	530,556
2019	170,000	363,956	533,956
2020	175,000	357,056	532,056
2021	180,000	349,844	529,844
2022-2026	1,030,000	1,622,322	2,652,322
2027-2031	1,295,000	1,352,350	2,647,350
2032-2036	1,650,000	987,500	2,637,500
2037-2041	2,100,000	521,250	2,621,250
2042-2043	995,000	50,375	1,045,375
Total	$ 7,910,000	$ 6,352,065	$ 14,262,065

F. Deficit Net Position

As of June 30, 2016, the RDA Successor Agency Private-Purpose Trust Fund had a deficit net position of $35,963,734. This will be reduced with future receipt of distributions from the Redevelopment Property Tax Trust Fund from the County and potential asset sales.

NOTE 23 – SUBSEQUENT EVENTS

A. Tax Allocation Bonds Series 2008 Refunding – Successor Agency Trust

On September 13, 2016, the Successor Agency approved the refunding of the Tax Allocation Bonds, Series 2008, The Oversight Board approved the refunding on September 15, 2016, and the Department of Finance approved the resolution on issuance of refunding bonds on October 14, 2016. The bond sale has not yet been scheduled.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Taxes	$ 78,597,811	$ 83,166,703	$ 84,035,464	$ 868,761
Licenses and permits	5,354,577	6,064,130	7,283,898	1,219,768
Intergovernmental	268,968	260,136	292,869	32,733
Charges for services	7,178,476	8,641,368	9,376,146	734,778
Investment income	828,834	828,834	2,211,873	1,383,039
Fines and forfeitures	423,000	420,300	528,836	108,536
Other revenue	302,550	394,550	589,553	195,003
Total Revenues	92,954,216	99,776,021	104,318,639	4,542,618
Expenditures:				
Operating:				
Personnel	39,923,299	39,696,148	38,285,084	1,411,064
Operating	39,351,114	44,232,242	34,218,723	10,013,519
Capital outlay	2,262,153	5,822,853	2,284,544	3,538,309
Capital Improvement Projects:				
Personnel	-	-	42,352	(42,352)
Operating	1,625,000	6,920,504	503,919	6,416,585
Total Expenditures	83,161,566	96,671,747	75,334,622	21,337,125
Excess (deficiency) of revenues over (under) expenditures	9,792,650	3,104,274	28,984,017	25,879,743
Other financing sources (uses):				
Other Financing Uses	(750,000)	(739,653)	-	739,653
Transfers in	1,332,631	1,467,136	1,491,715	24,579
Transfers out	(4,330,938)	(5,007,313)	(5,833,447)	(826,134)
Total Other Financing Sources (Uses)	(2,998,307)	(3,540,177)	(4,341,732)	(801,555)
Net Change in Fund Balances	$ 6,794,343	$ (435,903)	24,642,285	$ 25,078,188
Fund Balance at Beginning of Year			116,502,631	
Fund Balance at End of Year			$ 141,144,916	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL BRIDGE AND THOROUGHFARE SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ 275,952	$ 275,952	$ 315,665	$ 39,713
Developer fees	7,050,000	908,255	658,588	(249,667)
Total Revenues	7,325,952	1,184,207	974,253	(209,954)
Expenditures:				
Operating:				
Personnel	117,273	117,660	95,207	22,453
Capital outlay	4,080	297,280	297,280	-
Capital Improvement Projects:				
Personnel	-	-	130,648	(130,648)
Operating	1,549,984	6,720,985	3,370,123	3,350,862
Capital outlay	-	158,000	151,694	6,306
Debt service:				
Debt services	174,000	174,000	216,984	(42,984)
Total Expenditures	1,845,337	7,467,925	4,261,936	3,205,989
Excess (deficiency) of revenues over (under) expenditures	5,480,615	(6,283,718)	(3,287,683)	2,996,035
Other financing sources (uses):				
Transfers out	(4,136)	(4,136)	(4,136)	-
Net Change in Fund Balances	$ 5,476,479	$ (6,287,854)	(3,291,819)	$ 2,996,035
Fund Balance at Beginning of Year			7,350,087	
Fund Balance at End of Year			$ 4,058,268	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL DEVELOPER FEES SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Investment income	$ 15,293	$ 15,293	$ 91,643	$ 76,350
Developer fees	-	1,490,842	1,960,002	469,160
Other revenue	-	-	453,834	453,834
Total Revenues	15,293	1,506,135	2,505,479	999,344
Expenditures:				
Operating:				
Operating	-	1,242,645	1,242,645	-
Capital Improvement Projects:				
Operating	1,837,510	2,847,713	36,032	2,811,681
Total Expenditures	1,837,510	4,090,358	1,278,677	2,811,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,822,217)	(2,584,223)	1,226,802	3,811,025
Other financing sources (uses):				
Transfer out	(26,000)	(86,596)	(86,596)	-
Net Change in Fund Balance	$ (1,848,217)	$ (2,670,819)	1,140,206	$ 3,811,025
Fund Balance at Beginning of Year			3,611,179	
Fund Balance at End of Year			$ 4,751,385	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PUBLIC LIBRARY SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Taxes	$ 5,765,190	$ 6,050,190	$ 6,113,602	$ 63,412
Charges for services	85,000	85,000	85,000	-
Investment income	-	-	30,896	30,896
Other revenue	150,000	150,000	184,269	34,269
Total Revenues	6,000,190	6,285,190	6,413,767	128,577
Expenditures:				
Operating:				
Personnel	88,483	138,062	137,160	902
Operating	5,049,341	5,108,691	5,056,163	52,528
Capital Improvement Projects:				
Operating	-	46,558	46,558	-
Debt service:				
Debt services	500,000	500,000	99,545	400,455
Total Expenditures	5,637,824	5,793,311	5,339,426	453,885
Excess (deficiency) of revenues over (under) expenditures	362,366	491,879	1,074,341	- 582,462
Other financing sources (uses):				
Transfers out	(2,760)	(2,760)	(2,760)	-
Net Change in Fund Balances	$ 359,606	$ 489,119	$ 1,071,581	$ 582,462
Fund Balance at Beginning of Year			(8,007,174)	
Fund Balance at End of Year			$ (6,935,593)	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL LANDSCAPE MAINTENANCE DISTRICT #1 SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Taxes	$ 853,438	$ 853,438	$ 939,937	$ 86,499
Special assessments	16,177,339	16,177,339	15,923,892	(253,447)
Investment income	229,618	229,618	538,796	309,178
Other revenue	-	10,000	32,210	22,210
Total Revenues	17,260,395	17,270,395	17,434,835	164,440
Expenditures:				
Operating:				
Personnel	1,630,566	1,655,380	1,610,148	45,232.00
Operating	11,044,406	11,245,484	9,662,099	1,583,385
Capital outlay	171,030	171,030	173,328	(2,298)
Capital Improvement Projects:				
Personnel	-	-	205,615	(205,615)
Operating	3,091,100	7,205,116	3,011,040	4,194,076
Total Expenditures	15,937,102	20,277,010	14,662,230	5,614,780
Excess (deficiency) of revenues over (under) expenditures	1,323,293	(3,006,615)	2,772,605	5,779,220
Other financing sources (uses):				
Transfers in	10,000	10,000	10,000	-
Transfers out	(209,893)	(236,015)	(236,015)	-
Total Other Financing Sources (Uses)	(199,893)	(226,015)	(226,015)	-
Net Change in Fund Balances	$ 1,123,400	$ (3,232,630)	2,546,590	$ 5,779,220
Fund Balance at Beginning of Year			30,040,286	
Fund Balance at End of Year			$ 32,586,876	

SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Other Post-Employment Benefits

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the City's other post-employment benefits plan is as follows (in thousands):

	(A)	(B)	(C)	(D)	(E)	(F)
Actuaarial Valuation Date*	Actuarial Asset Value	Actuarial Accrued Liability Entry Age	(Unfunded) Actuarial Accrued Liability [(B)-(A)]	Funded Ratio [(A)/(B)]	Covered Payroll	(Unfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
7/1/2010	$ -	$ 41,425	$ (41,425)	0.00%	$ 25,094	165.08%
7/1/2012	19,928	30,879	(10,951)	64.54%	23,880	45.86%
7/1/2014	27,035	28,876	(1,841)	93.62%	27,368	6.73%

*Based on most recent actuarial valuation available.

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
AS OF THE FISCAL YEAR ENDED JUNE 30, 2016

The Schedules of Changes in the City's Net Pension Liability and Related Ratios are as follows:

Measurement Date	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	$ 4,418,053	$ 4,462,544
Interest	10,443,680	9,588,693
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience	416,626	-
Changes of Assumptions	(3,009,808)	-
Benefit Payments, Including Refunds of Employee Contributions	(2,971,092)	(2,561,655)
Net Change in Total Pension Liability	9,297,459	11,489,582
Total Pension Liability - Beginning	138,388,376	126,898,794
Total Pension Liability - Ending (a)	$ 147,685,835	$ 138,388,376
Plan Fiduciary Net Postion		
Contributions - Employer	$ 3,740,145	$ 3,562,246
Contributions - Employee	2,164,107	2,339,435
Net Investment Income	2,506,239	16,243,165
Administrative expenses	(131,529)	-
Benefit Payments, Including Refunds of Employee Contributions	(2,971,092)	(2,561,655)
Plan to Plan Resource Movement	9,685	-
Net Change in Fiduciary Net Position	5,317,555	19,583,191
Plan Fiduciary Net Postition - Beginning	111,512,216	91,929,025
Plan Fiduciary Net Postion - Ending (b)	$ 116,829,771	$ 111,512,216
Net pension liability - ending (a) - (b)	$ 30,856,064	$ 26,876,160
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.11%	80.58%
Covered Payroll	$ 27,234,699	$ 26,879,556
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	113.30%	99.99%

Notes:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes that occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of two years' Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was revised from 7.5% to 7.65% during the measurement period ending June 30, 2015 to be in accordance with GASB 68 paragraph 68.

Covered Payroll: In accordance with GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, we have restated to show covered payroll based on pensionable earnings.

* Fiscal Year 2014-15 was the first year of implementation; therefore only two years are shown until a full 10-year trend is compiled.

SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN YEARS*
AS OF THE FISCAL YEAR ENDED JUNE 30, 2016

The Schedule of City Contributions during the fiscal year is as follows:

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Actuarially determined contribution	$ 3,958,892	$ 3,740,138	$ 3,562,246	$ 3,319,326
Contributions in relation to the actuarially determined contribution	(3,958,892)	(3,740,138)	(3,562,246)	(3,319,326)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 27,934,377	$ 27,234,699	$ 26,879,556	$ 25,256,659
Contributions as a Percentage of Covered Payroll	14.17%	13.73%	13.25%	13.14%

Valuation Date:
The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from June 30, 2014 public agency valuations.

Actuarial Cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	19 years
Asset valuation method	Actuarial Value of Assets
Inflation	2.75%
Salary increase	Varies by Entry Age and Service
Investment rate of return	7.65%
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Note:

Covered Payroll: In accordance with GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, we have restated to show covered payroll based on pensionable earnings.

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 3,224,628	$ 2,916,852	$ 2,919,550	$ 2,865,328	$ 2,659,975	$ 2,470,285
(3,224,628)	(2,916,852)	(2,919,550)	(2,865,328)	(2,659,975)	(2,470,285)
$ -	$ -	$ -	$ -	$ -	$ -
$ 24,807,314	$ 24,940,516	$ 25,336,721	$ 26,145,818	$ 23,355,540	$ 21,540,546
13.00%	11.70%	11.52%	10.96%	11.39%	11.47%

BUDGETARY INFORMATION

Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund and each of the special revenue funds. All annual appropriations lapse at fiscal year-end.

On or before the last day in January of each year, all operational units submit requests for appropriations to the City Manager for budget preparation purposes. Before April 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department at the category level. The City reports the following categories: personnel, operating and capital outlay. Additionally, the City separately prepares a capital improvement projects budget. The City's Department Heads, with approval of the City Manager, may make transfers of appropriations within certain line-items within a program, but may not exceed the total appropriated amounts for each category. City Manager may approve transfers that do not change the total appropriated amount within the fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level.

Under encumbrance accounting, purchase orders, contracts, and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are classified as either restricted, committed, or assigned fund balances. Unexpended appropriations lapse at year-end.

For the year ended June 30, 2016, expenditures exceeded appropriations in the following categories (legal level of budgetary control) of the respective funds:

Fund	Appropriations	Expenditures	Excess Expenditures Over Appropriations
Major Governmental Funds:			
General Fund			
Capital Improvement Projects - Personnel	$ -	$ 42,352	$ (42,352)
Bridge and Thoroughfare Special Revenue Fund			
Capital Improvement Projects - Personnel	-	130,648	(130,648)
Debt Service - Debt Services	174,000	216,984	(42,984)
Landscape Maintenance District #1 Special Revenue Fund			
Operating - Capital Outlay	171,030	173,328	(2,298)
Capital Improvement Projects - Personnel	-	205,615	(205,615)
Non-Major Governmental Funds:			
Bikeway Special Revenue Fund			
Capital Improvement Projects - Personnel	-	5,312	(5,312)
Gas Tax Special Revenue Fund			
Capital Improvement Projects - Personnel	-	108,141	(108,141)
Proposition A Special Revenue Fund			
Transfers Out	3,401,396	3,757,974	(356,578)
State Park Special Revenue Fund			
Operating - Personnel	44,410	52,901	(8,491)
TDA Special Revenue Fund			
Capital Improvement Projects - Personnel	-	141,942	(141,942)
Traffic Safety Special Revenue Fund			
Transfers Out	420,522	445,101	(24,579)
Community Development Block Grant Special Revenue Fund			
Operating - Operating	683,107	777,798	(94,691)
Capital Improvement Projects - Personnel	-	14,699	(14,699)
Air Quality Management District Special Revenue Fund			
Capital Improvement Projects - Personnel	-	5,818	(5,818)
Stormwater Special Revenue Fund			
Capital Improvement Projects - Personnel	-	4,612	(4,612)
Public Education and Government Special Revenue Fund			
Operating - Operating	144,433	148,165	(3,732)
Proposition C Special Revenue Fund			
Capital Improvement Projects - Personnel	-	14,566	(14,566)
Federal Grants Special Revenue Fund			
Capital Improvement Projects - Personnel	-	189,024	(189,024)
Open Space Preservation District Special Revenue Fund			
Operating - Personnel	178,542	179,182	(640)
Transfers Out	869,433	2,303,460	(1,434,027)
Housing Successor Agency Special Revenue Fund			
Operating - Operating	3,700,000	4,432,349	(732,349)
General Capital Projects Fund			
Capital Improvement Projects - Personnel	-	50,551	(50,551)
Public Financing Authority Capital Projects Fund			
Transfers Out	848,451	2,282,478	(1,434,027)
Public Financing Authority Debt Service Fund			
Bond Retirement	-	32,907,353	(32,907,353)

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

Bikeway – To account for monies received from the State of California restricted for bicycle and pedestrian facilities available under Article 3 of the Transportation Development Act (SB821).

Gas Tax – To account for monies received and expended from the state and county gas tax allocation restricted to fund various street highway improvements, including maintenance.

Proposition A – To account for the City's share of the one-half percent (0.5 percent) increased sales tax in Los Angeles County as a result of "Proposition A." This revenue is to be used for transportation-related purposes.

Special Assessment – To account for special assessments received for small assessment districts. These funds may be used for maintenance expenses with the districts.

*State Par*k – To account for grant monies received from the State of California Department of Parks and Recreation for construction or improvements of parkland within the City.

TDA (Transportation Development Act) – To account for monies received from the State of California under Article 8 of the TDA. These funds may be used for local streets and road expenditures when the City's unmet transportation needs have been satisfied.

Traffic Safety – To account for monies received from vehicle code fines. This fund is used to finance law enforcement expenditures.

CDBG (Community Development Block Grant) – To account for Federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates CDBG funds to various programs.

AQMD (Air Quality Management District) – To account for revenues and expenditures for Air Quality Management.

Stormwater – To account for monies received from assessments restricted for the use of the stormwater and run-off programs.

Surface Transportation Program – To account for receipts and disbursements associated with the Surface Transportation Program restricted for construction, reconstruction, and improvement of highways and bridges on eligible Federal Aid highway routes.

BJA Law Enforcement – To account for receipts and disbursements for the BJA law enforcement grant restricted for police department programs.

Supplemental Law Grant – To account for receipts and disbursements for the supplemental law grant restricted for police department programs.

HOME – To account for receipts and disbursements for the activity for the HOME grant program restricted to expand the supply of affordable housing for very low- and low-income families.

Library Facilities Fees – To account for monies received from the library facilities developer fees, which are restricted for use on library facilities.

Special Revenue Funds (Continued)

Public Education and Government – To account for the one-percent (1%), PEG Capital Grant funds received from video service providers pursuant to the Digital Infrastructure and Video Competition Act of 2006.

Proposition C – To account for the City's share of the one-half percent (0.5%) increased sales tax in Los Angeles County as a result of Proposition C. This revenue is to be used for transportation-related purposes.

Federal Grants – To account for receipts and disbursements of miscellaneous federal grant monies not accounted for in other funds. These receipts are restricted for planning, design, improvements, and maintenance of streets, roads and bridges, facility construction and improvements, transit operations, and other transit-related expenditures.

Measure R – To account for the half-cent sales tax revenues that Los Angeles County voters approved in November 2008 to meet the transportation needs of Los Angeles County.

Tourism Marketing District – To account for receipts and disbursements associated with promoting local businesses and tourism in the City of Santa Clarita through the Tourism Marketing District. The Tourism Marketing District was formed to provide financing for public programs to attract tourist visits to areas where tourism is economically important and desired. The Tourism Marketing District was established and is levied pursuant to the Parking and Business Improvement Area Law of 1989, Part 6 of Division 18 of the California Streets and Highways Code (the 1989 Law) and the provisions of the California Constitution Article XIIID (Proposition 218).

OPSD (Open Space Preservation District) – To account for monies received from special assessments for the costs of acquiring open space lands, parks, and parkland in accordance with the City's programs.

Miscellaneous Grants – To account for receipts and disbursements of non-federal miscellaneous grants, which are restricted for planning, design, improvements, and maintenance of streets, roads, and bridges, facility construction and improvements, transit operations, and other transit-related expenditures.

Park Dedication – This fund accounts for monies received from developers restricted to finance the acquisition and develop new parkland space. These monies are restricted under the Quimby Act by ordinance and require the dedication of land or impose a requirement of the payment of fee in lieu.

Housing Successor Agency – To account for the transactions of the Housing Successor Agency for the continuation of the low- and moderate-income programs of the former redevelopment agency.

Tourism Marketing Bureau – To account for monies received from local and regional tourism-related organizations restricted for tourism and business development within the City's boundaries.

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

General Capital Projects – To account for major capital improvement projects not accounted for in other funds.

Public Financing Authority – To account for the construction of all capital projects that utilize public financing authority funds.

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Public Financing Authority – To account for principal and interest payments for obligations issued by the Santa Clarita Public Financing Authority.

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Bikeway	Gas Tax	Proposition A	Special Assessment
Assets:				
Cash and investments	$ 196,006	$ 2,496,209	$ 26,361	$ 6,723,474
Receivables:				
Accounts, net	-	32,271	-	35,386
Interest	485	5,756	65	17,739
Taxes	-	-	-	104,344
Loans	-	-	-	-
Prepaid costs	-	-	-	6,271
Due from other governments	11,102	-	-	1,177
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 207,593	$ 2,534,236	$ 26,426	$ 6,888,391
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 92,689	$ 244,841	$ 26,184	$ 413,610
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	92,689	244,841	26,184	413,610
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund balances (deficit):				
Nonspendable	-	-	-	6,271
Restricted	114,904	2,289,395	242	6,468,510
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	114,904	2,289,395	242	6,474,781
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 207,593	$ 2,534,236	$ 26,426	$ 6,888,391

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	State Park	TDA	Traffic Safety	CDBG
Assets:				
Cash and investments	$ -	$ 9,246,522	$ -	$ -
Receivables:				
Accounts, net	-	-	-	-
Interest	-	22,891	-	-
Taxes	-	-	-	-
Loans	-	-	-	92,175
Prepaid costs	-	-	-	-
Due from other governments	78,848	-	29,666	385,506
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 78,848	$ 9,269,413	$ 29,666	$ 477,681
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 7,047	$ 1,429,651	$ -	$ 283,469
Due to other governments	-	-	-	-
Due to other funds	71,801	-	29,666	102,037
Total Liabilities	78,848	1,429,651	29,666	385,506
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	92,175
Total Deferred Inflows of Resources	-	-	-	92,175
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	-	7,839,762	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	-	7,839,762	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 78,848	$ 9,269,413	$ 29,666	$ 477,681

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	AQMD	Stormwater	Surface Transportation Program	BJA Law Enforcement
Assets:				
Cash and investments	$ 647,624	$ 5,713,586	$ -	$ -
Receivables:				
Accounts, net	-	(6,949)	-	-
Interest	1,603	13,425	-	-
Taxes	-	53,845	-	-
Loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	72,955	-	204,339	19,918
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 722,182	$ 5,773,907	$ 204,339	$ 19,918
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 4,851	$ 297,315	$ 2,399	$ 12,333
Due to other governments	-	-	-	-
Due to other funds	-	-	201,939	8,430
Total Liabilities	4,851	297,315	204,338	20,763
Deferred Inflows of Resources:				
Unavailable revenues	-	-	700	-
Total Deferred Inflows of Resources	-	-	700	-
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	717,331	5,476,592	-	-
Assigned	-	-	-	-
Unassigned	-	-	(699)	(845)
Total Fund Balances (Deficit)	717,331	5,476,592	(699)	(845)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 722,182	$ 5,773,907	$ 204,339	$ 19,918

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Supplemental Law Grant	HOME	Library Facilities Fees	Public Education and Government
Assets:				
Cash and investments	$ 16,596	$ 15,538	$ 857,734	$ 1,565,341
Receivables:				
Accounts, net	-	-	-	-
Interest	41	38	2,123	3,875
Taxes	-	-	-	124,966
Loans	-	2,365,456	-	-
Prepaid costs	-	-	-	-
Due from other governments	44,714	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 61,351	$ 2,381,032	$ 859,857	$ 1,694,182
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 30,584	$ -	$ 9,000	$ 10,232
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	30,584	-	9,000	10,232
Deferred Inflows of Resources:				
Unavailable revenues	-	2,365,456	-	-
Total Deferred Inflows of Resources	-	2,365,456	-	-
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	30,767	15,576	850,857	1,683,950
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	30,767	15,576	850,857	1,683,950
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 61,351	$ 2,381,032	$ 859,857	$ 1,694,182

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Proposition C	Federal Grants	Measure R	Tourism Marketing District
Assets:				
Cash and investments	1,304,689	$ 382,645	$ 4,485,943	$ 827,958
Receivables:				
Accounts, net	-	-	-	-
Interest	3,230	-	11,105	2,050
Taxes	-	-	-	82,605
Loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	3,121,542	718,313	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 4,429,461	$ 1,100,958	$ 4,497,048	$ 912,613
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 485,122	$ 193,946	$ 8,126	$ 69,392
Due to other governments	-	-	-	-
Due to other funds	2,703,762	-	-	-
Total Liabilities	3,188,884	193,946	8,126	69,392
Deferred Inflows of Resources:				
Unavailable revenues	1,232,803	201,779	-	-
Total Deferred Inflows of Resources	1,232,803	201,779	-	-
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	7,774	705,233	4,488,922	843,221
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	7,774	705,233	4,488,922	843,221
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,429,461	$ 1,100,958	$ 4,497,048	$ 912,613

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	OSPD	Miscellaneous Grants	Park Dedication	Housing Successor Agency
Assets:				
Cash and investments	$ 6,181,819	$ 222,524	$ 7,482,736	$ 199,735
Receivables:				
Accounts, net	-	-	-	-
Interest	15,339	-	18,523	494
Taxes	32,048	-	-	-
Loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	237,349	-	-
Land held for resale	-	-	-	207,110
Restricted assets:				
Cash and investments	-	-	-	206,386
Cash and investments with fiscal agents	235	-	-	-
Total Assets	$ 6,229,441	$ 459,873	$ 7,501,259	$ 613,725
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 28,286	$ 120,273	$ 169,349	$ -
Due to other governments	-	-	-	34,478
Due to other funds	-	-	-	-
Total Liabilities	28,286	120,273	169,349	34,478
Deferred Inflows of Resources:				
Unavailable revenues	-	33,675	-	-
Total Deferred Inflows of Resources	-	33,675	-	-
Fund balances (deficit):				
Nonspendable	-	-	-	
Restricted	6,201,155	305,925	7,331,910	579,247
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	6,201,155	305,925	7,331,910	579,247
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,229,441	$ 459,873	$ 7,501,259	$ 613,725

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds		Debt Service Fund
	Tourism Marketing Bureau	General Capital Projects	Public Financing Authority	Public Financing Authority
Assets:				
Cash and investments	$ 31,727	$ 1,954,057	$ 10	$ 3,368
Receivables:				
Accounts, net	888	-	-	-
Interest	79	-	-	-
Taxes	-	-	-	-
Loans	-	-	-	-
Prepaid costs	-	10,875	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	32
Total Assets	$ 32,694	$ 1,964,932	$ 10	$ 3,400
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ 123,096	$ -	$ -
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	123,096	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund balances (deficit):				
Nonspendable	-	10,875	-	-
Restricted	32,694	-	-	3,400
Assigned	-	1,830,961	10	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	32,694	1,841,836	10	3,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 32,694	$ 1,964,932	$ 10	$ 3,400

(Continued)

COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Total Non-major Governmental Funds
Assets:	
Cash and investments	$ 50,582,202
Receivables:	
Accounts, net	61,596
Interest	118,861
Taxes	397,808
Loans	2,457,631
Prepaid costs	17,146
Due from other governments	4,925,429
Land held for resale	207,110
Restricted assets:	
Cash and investments	206,386
Cash and investments with fiscal agents	267
Total Assets	$ 58,974,436
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities:	
Accounts payable and accrued liabilities	$ 4,061,795
Due to other governments	34,478
Due to other funds	3,117,635
Total Liabilities	7,213,908
Deferred Inflows of Resources:	
Unavailable revenues	3,926,588
Total Deferred Inflows of Resources	3,926,588
Fund balances (deficit):	
Nonspendable	17,146
Restricted	45,987,367
Assigned	1,830,971
Unassigned	(1,544)
Total Fund Balances (Deficit)	47,833,940
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 58,974,436

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Bikeway	Gas Tax	Proposition A	Special Assessment
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	-	-	-	5,307,772
Intergovernmental	141,615	4,568,328	3,774,849	-
Charges for services	-	-	-	-
Investment income	2,205	40,870	4,912	113,522
Fines and forfeitures	-	-	-	-
Developer fees	-	-	-	-
Other revenue	-	103,870	4,240	31,641
Total Revenues	143,820	4,713,068	3,784,001	5,452,935
Expenditures:				
Current:				
General government	-	19,930	-	3,440,102
Public safety	-	-	-	-
Parks, recreation and community services	-	-	-	-
Public works	-	4,980,527	-	1,340,426
Community development	-	-	-	-
Capital outlay	204,713	666,937	25,784	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Cost of issuance	-	-	-	-
Total Expenditures	204,713	5,667,394	25,784	4,780,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,893)	(954,326)	3,758,217	672,407
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	237,755	-	126,394
Transfers out	-	(127,173)	(3,757,974)	(9,674)
Total Other Financing Sources (Uses)	-	110,582	(3,757,974)	116,720
Net Change in Fund Balances	(60,893)	(843,744)	243	789,127
Fund Balances (Deficit), Beginning of Year	175,797	3,133,139	(1)	5,685,654
Fund Balances, End of Year	$ 114,904	$ 2,289,395	$ 242	$ 6,474,781

(Continued)

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	State Park	TDA	Traffic Safety	CDBG
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-
Intergovernmental	78,851	7,715,025	-	1,433,131
Charges for services	-	-	-	-
Investment income	-	127,443	184	-
Fines and forfeitures	-	-	444,917	-
Developer fees	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	78,851	7,842,468	445,101	1,433,131
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks, recreation and community services	78,851	-	-	-
Public works	-	6,794,555	-	93,933
Community development	-	-	-	968,063
Capital outlay	-	674,771	-	256,915
Debt service:				
Principal	-	-	-	100,000
Interest and fiscal charges	-	-	-	14,220
Cost of issuance	-	-	-	-
Total Expenditures	78,851	7,469,326	-	1,433,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	373,142	445,101	-
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(445,101)	-
Total Other Financing Sources (Uses)	-	-	(445,101)	-
Net Change in Fund Balances	-	373,142	-	-
Fund Balances (Deficit), Beginning of Year	-	7,466,620	-	-
Fund Balances, End of Year	$ -	$ 7,839,762	$ -	$ -

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	AQMD	Stormwater	Surface Transportation Program	BJA Law Enforcement
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	-	2,997,026	-	-
Intergovernmental	272,762	-	203,640	50,982
Charges for services	-	-	-	-
Investment income	10,193	89,296	-	-
Fines and forfeitures	-	-	-	-
Developer fees	-	-	-	-
Other revenue	-	268,046	-	-
Total Revenues	282,955	3,354,368	203,640	50,982
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	50,981
Parks, recreation and community services	-	-	-	-
Public works	15,461	3,273,813	189,448	-
Community development	-	-	-	-
Capital outlay	62,349	27,181	700	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Cost of issuance	-	-	-	-
Total Expenditures	77,810	3,300,994	190,148	50,981
Excess (Deficiency) of Revenues Over (Under) Expenditures	205,145	53,374	13,492	1
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	9,590	-	-
Transfers out	-	(39,863)	-	-
Total Other Financing Sources (Uses)	-	(30,273)	-	-
Net Change in Fund Balances	205,145	23,101	13,492	1
Fund Balances (Deficit), Beginning of Year	512,186	5,453,491	(14,191)	(846)
Fund Balances, End of Year	$ 717,331	$ 5,476,592	$ (699)	$ (845)

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Supplemental Law Grant	HOME	Library Facilities Fees	Public Education and Government
Revenues:				
Taxes	$ -	$ -	$ -	$ 509,731
Special assessments	-	-	-	-
Intergovernmental	381,579	-	-	-
Charges for services	-	-	-	-
Investment income	242	258	12,736	25,437
Fines and forfeitures	-	-	-	-
Developer fees	-	-	392,923	-
Other revenue	-	-	-	-
Total Revenues	381,821	258	405,659	535,168
Expenditures:				
Current:				
General government	-	-	9,000	226,579
Public safety	367,004	-	-	-
Parks, recreation and community services	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	29,171
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Cost of issuance	-	-	-	-
Total Expenditures	367,004	-	9,000	255,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,817	258	396,659	279,418
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	14,817	258	396,659	279,418
Fund Balances (Deficit), Beginning of Year	15,950	15,318	454,198	1,404,532
Fund Balances, End of Year	$ 30,767	$ 15,576	$ 850,857	$ 1,683,950

(Continued)

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Proposition C	Federal Grants	Measure R	Tourism Marketing District
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-
Intergovernmental	7,148,098	2,235,464	2,349,773	-
Charges for services	-	-	-	725,191
Investment income	23,121	-	68,826	12,786
Fines and forfeitures	-	-	-	-
Developer fees	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	7,171,219	2,235,464	2,418,599	737,977
Expenditures:				
Current:				
General government	-	-	-	484,986
Public safety	-	-	-	-
Parks, recreation and community services	-	-	-	-
Public works	3,132,438	237,079	2,464,069	-
Community development	-	-	-	-
Capital outlay	587,732	1,560,031	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Cost of issuance	-	-	-	-
Total Expenditures	3,720,170	1,797,110	2,464,069	484,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,451,049	438,354	(45,470)	252,991
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,832,184)	-	-	-
Total Other Financing Sources (Uses)	(2,832,184)	-	-	-
Net Change in Fund Balances	618,865	438,354	(45,470)	252,991
Fund Balances (Deficit), Beginning of Year	(611,091)	266,879	4,534,392	590,230
Fund Balances, End of Year	$ 7,774	$ 705,233	$ 4,488,922	$ 843,221

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	OSPD	Miscellaneous Grants	Park Dedication	Housing Successor Agency
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	2,273,751	-	-	-
Intergovernmental	-	733,787	-	-
Charges for services	86,655	-	-	-
Investment income	98,711	-	115,172	2,378
Fines and forfeitures	-	-	-	-
Developer fees	-	-	3,261,286	-
Other revenue	-	-	-	22,061
Total Revenues	2,459,117	733,787	3,376,458	24,439
Expenditures:				
Current:				
General government	420,439	436,053	-	-
Public safety	-	112,848	-	-
Parks, recreation and community services	-	-	-	-
Public works	-	3,500	-	-
Community development	-	-	-	3,700,000
Capital outlay	506,804	261,307	269,896	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	732,349
Cost of issuance	-	-	-	-
Total Expenditures	927,243	813,708	269,896	4,432,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,531,874	(79,921)	3,106,562	(4,407,910)
Other Financing Sources (Uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,303,460)	-	-	-
Total Other Financing Sources (Uses)	(2,303,460)	-	-	-
Net Change in Fund Balances	(771,586)	(79,921)	3,106,562	(4,407,910)
Fund Balances (Deficit), Beginning of Year	6,972,741	385,846	4,225,348	4,987,157
Fund Balances, End of Year	$ 6,201,155	$ 305,925	$ 7,331,910	$ 579,247

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Fund	Capital Projects Fund		Debt Service Fund
	Tourism Marketing Bureau	General Capital Projects	Public Financing Authority	Public Financing Authority
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	52,634	-	-	-
Investment income	423	-	-	30
Fines and forfeitures	-	-	-	-
Developer fees	-	-	-	-
Other revenue	-	100,000	-	-
Total Revenues	53,057	100,000	-	30
Expenditures:				
Current:				
General government	25,364	-	-	-
Public safety	-	-	-	-
Parks, recreation and community services	-	-	-	-
Public works	-	22,465	-	-
Community development	-	-	-	-
Capital outlay	-	1,724,146	-	-
Debt service:				
Principal	-	-	-	2,694,236
Interest and fiscal charges	-	-	-	2,875,808
Cost of issuance	-	-	-	600,910
Total Expenditures	25,364	1,746,611	-	6,170,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,693	(1,646,611)	-	(6,170,924)
Other Financing Sources (Uses):				
Bonds issued	-	-	-	31,325,000
Premium on bonds issued	-	-	-	1,672,352
Payment to refunding bond escrow agent	-	-	-	(32,907,353)
Transfers in	-	1,698,309	2,282,478	6,084,322
Transfers out	-	-	(2,282,478)	-
Total Other Financing Sources (Uses)	-	1,698,309	-	6,174,321
Net Change in Fund Balances	27,693	51,698	-	3,397
Fund Balances (Deficit), Beginning of Year	5,001	1,790,138	10	3
Fund Balances, End of Year	$ 32,694	$ 1,841,836	$ 10	$ 3,400

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Total Non-major Governmental Funds
Revenues:	
Taxes	$ 509,731
Special assessments	10,578,549
Intergovernmental	31,087,884
Charges for services	864,480
Investment income	748,745
Fines and forfeitures	444,917
Developer fees	3,654,209
Other revenue	529,858
Total Revenues	48,418,373
Expenditures:	
Current:	
General government	5,062,453
Public safety	530,833
Parks, recreation and community services	78,851
Public works	22,547,714
Community development	4,668,063
Capital outlay	6,858,437
Debt service:	
Principal	2,794,236
Interest and fiscal charges	3,622,377
Cost of issuance	600,910
Total Expenditures	46,763,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,654,499
Other Financing Sources (Uses):	
Bonds issued	31,325,000
Premium on bonds issued	1,672,352
Payment to refunding bond escrow agent	(32,907,353)
Transfers in	10,438,848
Transfers out	(11,797,907)
Total Other Financing Sources (Uses)	(1,269,060)
Net Change in Fund Balances	385,439
Fund Balances (Deficit), Beginning of Year	47,448,501
Fund Balances, End of Year	$ 47,833,940

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL BIKEWAY SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 137,977	$ 143,138	$ 141,615	$ (1,523)
Investment income	-	-	2,205	2,205
Total Revenues	137,977	143,138	143,820	682
Expenditures:				
Capital Improvement Projects:				
Personnel	-	-	5,312	(5,312)
Operating	137,977	318,001	199,401	118,600
Total Expenditures	137,977	318,001	204,713	113,288
Net Change in Fund Balance	$ -	$ (174,863)	(60,893)	$ 113,970
Fund Balance at Beginning of Year			175,797	
Fund Balance at End of Year			$ 114,904	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 4,406,396	$ 4,564,642	$ 4,568,328	$ 3,686
Investment income	-	-	40,870	40,870
Other revenue	-	58,180	103,870	45,690
Total Revenues	4,406,396	4,622,822	4,713,068	90,246
Expenditures:				
Operating:				
Personnel	2,059,138	2,004,088	1,988,228	15,860
Operating	1,792,619	1,772,954	1,746,634	26,320
Capital outlay	228,500	695,600	550,948	144,652
Capital Improvement Projects:				
Personnel	-	-	108,141	(108,141)
Operating	766,399	2,276,788	1,273,443	1,003,345
Total Expenditures	4,846,656	6,749,430	5,667,394	1,082,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,260)	(2,126,608)	(954,326)	1,172,282
Other financing sources (uses):				
Transfers in	237,755	237,755	237,755	-
Transfer out	(127,173)	(127,173)	(127,173)	-
Total Other Financing Sources (Uses)	110,582	110,582	110,582	-
Net Change in Fund Balance	$ (329,678)	$ (2,016,026)	(843,744)	1,172,282
Fund Balance at Beginning of Year			3,133,139	
Fund Balance at End of Year			$ 2,289,395	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PROPOSITION A SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Intergovernmental	$ 3,732,157	$ 3,776,396	$ 3,774,849	$ (1,547)
Investment income	-	-	4,912	4,912
Other revenue	-	-	4,240	4,240
Total Revenues	3,732,157	3,776,396	3,784,001	7,605
Expenditures:				
Capital Improvement Projects:				
Operating	-	302,283	25,784	276,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,732,157	3,474,113	3,758,217	284,104
Other financing sources (uses):				
Transfer out	(3,732,157)	(3,401,396)	(3,757,974)	(356,578)
Net Change in Fund Balance	$ -	$ 72,717	243	$ (72,474)
Fund Balance at Beginning of Year			(1)	
Fund Balance at End of Year			$ 242	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL SPECIAL ASSESSMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Special assessments	5,223,166	5,223,166	$ 5,307,772	$ 84,606
Charges for services	5,000	-	-	-
Investment income	38,321	38,321	113,522	75,201
Other revenue	-	-	31,641	31,641
Total Revenues	5,266,487	5,261,487	5,452,935	191,448
Expenditures:				
Operating:				
Personnel	297,442	295,148	288,706	6,442
Operating	4,984,857	5,043,734	4,460,569	583,165
Capital outlay	29,640	29,640	29,640	-
Capital Improvement Projects:				
Operating	4,800	5,665	1,613	4,052
Total Expenditures	5,316,739	5,374,187	4,780,528	593,659
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,252)	(112,700)	672,407	785,107
Other financing sources (uses):				
Transfers in	126,394	126,394	126,394	-
Transfer out	(9,634)	(9,674)	(9,674)	-
Total Other Financing Sources (Uses)	116,760	116,720	116,720	-
Net Change in Fund Balance	$ 66,508	$ 4,020	789,127	$ 785,107
Fund Balance at Beginning of Year			5,685,654	
Fund Balance at End of Year			$ 6,474,781	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL STATE PARK SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Intergovernmental	$ 83,130	$ 83,130	$ 78,851	$ (4,279)
Expenditures:				
Operating:				
Personnel	56,230	44,410	52,901	(8,491)
Operating	26,900	26,900	25,950	950
Total Expenditures	83,130	71,310	78,851	(7,541)
Net Change in Fund Balance	$ -	$ 11,820	-	$ (11,820)
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			$ -	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 8,334,482	$ 8,703,742	$ 7,715,025	$ (988,717)
Investment income	-	-	127,443	127,443
Total Revenues	8,334,482	8,703,742	7,842,468	(861,274)
Expenditures:				
Capital Improvement Projects:				
Personnel	-	-	141,942	(141,942)
Operating	8,356,374	16,262,839	7,327,384	8,935,455
Total Expenditures	8,356,374	16,262,839	7,469,326	8,793,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,892)	(7,559,097)	373,142	7,932,239
Other financing sources (uses):				
Transfer out	(86,023)	-	-	-
Net Change in Fund Balance	$ (107,915)	$ (7,559,097)	373,142	$ 7,932,239
Fund Balance at Beginning of Year			7,466,620	
Fund Balance at End of Year			$ 7,839,762	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL TRAFFIC SAFETY SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ -	$ -	$ 184	$ 184
Fines and forfeitures	380,000	380,000	444,917	64,917
Total Revenues	380,000	380,000	445,101	65,101
Other financing sources (uses):				
Transfer out	(380,000)	(420,522)	(445,101)	(24,579)
Net Change in Fund Balance	$ -	$ (40,522)	-	$ 40,522
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			$ -	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 1,405,643	$ 1,501,839	$ 1,433,131	$ (68,708)
Expenditures:				
Operating:				
Personnel	198,316	202,949	190,265	12,684
Operating	783,107	683,107	777,798	(94,691)
Capital Improvement Projects:				
Personnel	-	-	14,699	(14,699)
Operating	310,000	506,196	336,149	170,047
Debt Service:				
Debt Services	114,220	114,220	114,220	-
Total Expenditures	1,405,643	1,506,472	1,433,131	73,341
Net Change in Fund Balance	$ -	$ (4,633)	-	$ 4,633
Fund Balance at Beginning of Year			-	
Fund Balance at End of Year			$ -	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL AIR QUALITY MANAGEMENT DISTRICT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Intergovernmental	$ 257,000	$ 257,000	$ 272,762	$ 15,762
Investment income	697	697	10,193	9,496
Total Revenues	257,697	257,697	282,955	25,258
Expenditures:				
Operating:				
Operating	18,590	20,532	15,051	5,481
Capital outlay	410	410	410	-
Capital Improvement Projects:				
Personnel	-	-	5,818	(5,818)
Operating	746,296	746,296	56,531	689,765
Total Expenditures	765,296	767,238	77,810	689,428
Net Change in Fund Balance	$ (507,599)	$ (509,541)	205,145	$ 714,686
Fund Balance at Beginning of Year			512,186	
Fund Balance at End of Year			$ 717,331	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL STORMWATER SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Special assessments	$ 3,192,440	$ 2,974,640	$ 2,983,426	$ 8,786
Investment income	50,642	50,642	89,296	38,654
Charges for services	14,310	14,410	13,600	(810)
Other revenue	-	280,647	268,036	(12,611)
Total Revenues	3,257,392	3,320,339	3,354,358	34,019
Expenditures:				
Operating:				
Personnel	1,311,674	1,283,230	1,251,906	31,324
Operating	1,637,903	2,207,943	1,686,783	521,160
Capital outlay	65,190	81,415	81,415	-
Capital Improvement Projects:				
Personnel	-	-	4,612	(4,612)
Operating	285,000	589,250	276,268	312,982
Total Expenditures	3,299,767	4,161,838	3,300,984	860,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,375)	(841,499)	53,374	894,873
Other financing sources (uses):				
Transfers in	3,690	9,590	9,590	-
Transfer out	(47,393)	(39,863)	(39,863)	-
Total Other Financing Sources (Uses)	(43,703)	(30,273)	(30,273)	-
Net Change in Fund Balance	$ (86,078)	$ (871,772)	23,101	$ 894,873
Fund Balance at Beginning of Year			5,453,491	
Fund Balance at End of Year			$ 5,476,592	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL SURFACE TRANSPORTATION PROGRAM SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 905,959	$ 1,109,234	$ 203,640	$ (905,594)
Expenditures:				
Capital Improvement Projects:				
Operating	905,959	969,266	190,148	779,118
Net Change in Fund Balance	$ -	$ 139,968	13,492	$ (126,476)
Fund Balance at Beginning of Year			(14,191)	
Fund Balance at End of Year			$ (699)	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BJA LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive/(Negative)
Revenues:				
Intergovernmental	$ -	$ 67,121	$ 50,982	$ (16,139)
Expenditures:				
Operating:				
Operating	-	67,121	50,981	16,140
Net Change in Fund Balance	$ -	$ -	1	$ 1
Fund Balance at Beginning of Year			(846)	
Fund Balance at End of Year			$ (845)	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL SUPPLEMENTAL LAW GRANT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ -	$ 381,579	$ 381,579	$ -
Investment income	-	-	242	242
Total Revenues	-	381,579	381,821	242
Expenditures:				
Operating:				
Operating	-	397,529	367,004	30,525
Net Change in Fund Balance	$ -	$ (15,950)	14,817	$ 30,767
Fund Balance at Beginning of Year			15,950	
Fund Balance at End of Year			$ 30,767	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL HOME SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ -	$ -	$ 258	$ 258
Net Change in Fund Balance	$ -	$ -	258	$ 258
Fund Balance at Beginning of Year			15,318	
Fund Balance at End of Year			$ 15,576	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL LIBRARY FACILITIES FEES SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ -	$ -	$ 12,736	$ 12,736
Developer fees	225,000	225,000	392,923	167,923
Total Revenues	225,000	225,000	405,659	180,659
Expenditures:				
Operating:				
Operating	-	50,000	9,000	41,000
Net Change in Fund Balance	$ 225,000	$ 175,000	396,659	$ 221,659
Fund Balance at Beginning of Year			454,198	
Fund Balance at End of Year			$ 850,857	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PUBLIC EDUCATION AND GOVERNMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Taxes	$ 470,000	$ 508,000	$ 509,731	$ 1,731
Investment income	6,552	6,552	25,437	18,885
Total Revenues	476,552	514,552	535,168	20,616
Expenditures:				
Operating:				
Operating	167,549	144,433	148,165	(3,732)
Capital outlay	122,290	151,461	107,585	43,876
Total Expenditures	289,839	295,894	255,750	40,144
Net Change in Fund Balance	$ 186,713	$ 218,658	279,418	$ 60,760
Fund Balance at Beginning of Year			1,404,532	
Fund Balance at End of Year			$ 1,683,950	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PROPOSITION C SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 6,160,480	$ 7,658,932	$ 7,148,098	$ (510,834)
Investment income	-	-	23,121	23,121
Total Revenues	6,160,480	7,658,932	7,171,219	(487,713)
Expenditures:				
Capital Improvement Projects:				
Personnel	-	-	14,566	(14,566)
Operating	3,193,906	6,840,889	3,705,604	3,135,285
Total Expenditures	3,193,906	6,840,889	3,720,170	3,120,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,966,574	818,043	3,451,049	2,633,006
Other financing sources (uses):				
Transfer out	(2,966,574)	(4,153,005)	(2,832,184)	1,320,821
Net Change in Fund Balance	$ -	$ (3,334,962)	618,865	$ 3,953,827
Fund Balance at Beginning of Year			(611,091)	
Fund Balance at End of Year			$ 7,774	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FEDERAL GRANTS SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 2,874,756	$ 2,495,062	$ 2,235,464	$ (259,598)
Expenditures:				
Capital Improvement Projects:				
Personnel	-	-	189,024	(189,024)
Operating	2,874,756	5,207,871	1,608,086	3,599,785
Total Expenditures	2,874,756	5,207,871	1,797,110	3,410,761
Net Change in Fund Balance	$ -	$ (2,712,809)	438,354	$ 3,151,163
Fund Balance at Beginning of Year			266,879	
Fund Balance at End of Year			$ 705,233	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL MEASURE R SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Intergovernmental	$ 2,321,823	$ 2,349,345	$ 2,349,773	$ 428
Investment income	-	-	68,826	68,826
Total Revenues	2,321,823	2,349,345	2,418,599	69,254
Expenditures:				
Capital Improvement Projects:				
Operating	-	2,657,874	2,464,069	193,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,321,823	(308,529)	(45,470)	263,059
Other financing sources (uses):				
Transfer out	(3,594,712)	(320,147)	-	320,147
Net Change in Fund Balance	$ (1,272,889)	$ (628,676)	(45,470)	$ 583,206
Fund Balance at Beginning of Year			4,534,392	
Fund Balance at End of Year			$ 4,488,922	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL TOURISM MARKETING DISTRICT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Charges for services	$ 540,651	$ 593,151	$ 725,191	$ 132,040
Investment income	2,406	2,406	12,786	10,380
Total Revenues	543,057	595,557	737,977	142,420
Expenditures:				
Operating:				
Personnel	19,103	19,140	16,588	2,552
Operating	499,200	589,200	460,618	128,582
Capital outlay	7,780	7,780	7,780	-
Total Expenditures	526,083	616,120	484,986	131,134
Net Change in Fund Balance	$ 16,974	$ (20,563)	252,991	$ 273,554
Fund Balance at Beginning of Year			590,230	
Fund Balance at End of Year			$ 843,221	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL OPEN SPACE PRESERVATION DISTRICT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Special assessments	$ 2,271,466	$ 2,271,466	$ 2,273,751	$ 2,285
Charges for services	10,000	52,260	86,655	34,395
Investment income	2,892	2,892	98,711	95,819
Total Revenues	2,284,358	2,326,618	2,459,117	132,499
Expenditures:				
Operating:				
Personnel	179,592	178,542	179,182	(640)
Operating	303,560	335,471	231,537	103,934
Capital outlay	9,720	1,602,040	497,736	1,104,304
Capital Improvement Projects:				
Operating	100,000	100,000	18,788	81,212
Total Expenditures	592,872	2,216,053	927,243	1,288,810
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,691,486	110,565	1,531,874	1,421,309
Other financing sources (uses):				
Transfer out	(854,638)	(869,433)	(2,303,460)	(1,434,027)
Net Change in Fund Balance	$ 1,691,486	$ (758,868)	(771,586)	$ (12,718)
Fund Balance at Beginning of Year			6,972,741	
Fund Balance at End of Year			$ 6,201,155	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL MISCELLANEOUS GRANTS SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive/(Negative)
Revenues:				
Intergovernmental	$ 833,464	$ 1,157,265	$ 733,787	$ (423,478)
Expenditures:				
Operating:				
Operating	751,264	629,929	552,401	77,528
Capital Outlay	148,337	314,011	261,307	52,704
Capital Improvement Projects:				
Operating	300,000	140,078	-	140,078
Total Expenditures	1,199,601	1,084,018	813,708	270,310
Net Change in Fund Balance	$ (366,137)	$ 73,247	(79,921)	$ (153,168)
Fund Balance at Beginning of Year			385,846	
Fund Balance at End of Year			$ 305,925	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PARK DEDICATION SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ 668	$ 668	$ 115,172	$ 114,504
Developer fees	3,368,959	2,870,385	3,261,286	390,901
Total Revenues	3,369,627	2,871,053	3,376,458	505,405
Expenditures:				
Capital Improvement Projects:				
Operating	1,654,950	1,654,950	269,896	1,385,054
Net Change in Fund Balance	$ 1,714,677	$ 1,216,103	3,106,562	$ 1,890,459
Fund Balance at Beginning of Year			4,225,348	
Fund Balance at End of Year			$ 7,331,910	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
HOUSING SUCCESSOR AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ -	$ -	$ 2,378	$ 2,378
Other revenue	-	-	22,061	22,061
Total Revenues	-	-	24,439	24,439
Expenditures:				
Operating:				
Operating	-	3,700,000	4,432,349	(732,349)
Net Change in Fund Balance	$ -	$ (3,700,000)	(4,407,910)	$ (707,910)
Fund Balance at Beginning of Year			4,987,157	
Fund Balance at End of Year			$ 579,247	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL TOURISM MARKETING BUREAU SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Charges for services	$ 13,500	$ 11,300	$ 11,180	$ (120)
Investment income	630	630	423	(207)
Other revenue	-	25,000	41,454	16,454
Total Revenues	14,130	36,930	53,057	16,127
Expenditures:				
Operating:				
Operating	15,500	40,500	23,934	16,566
Capital Outlay	1,430	1,430	1,430	-
Total Expenditures	16,930	41,930	25,364	16,566
Net Change in Fund Balance	$ (2,800)	$ (5,000)	27,693	$ 32,693
Fund Balance at Beginning of Year			5,001	
Fund Balance at End of Year			$ 32,694	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Other revenue	$ 100,000	$ 100,000	$ 100,000	$ -
Expenditures:				
Capital Improvement Projects:				
Personnel	-	-	50,551	(50,551)
Operating	2,618,509	3,556,405	1,696,060	1,860,345
Total Expenditures	2,618,509	3,556,405	1,746,611	1,809,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,518,509)	(3,456,405)	(1,646,611)	1,809,794
Other financing sources (uses):				
Transfers in	1,658,309	1,698,309	1,698,309	-
Net Change in Fund Balance	$ (860,200)	$ (1,758,096)	51,698	$ 1,809,794
Fund Balance at Beginning of Year			1,790,138	
Fund Balance at End of Year			$ 1,841,836	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PUBLIC FINANCING AUTHORITY CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Other financing sources (uses):				
Transfers in	$ 848,451	$ 848,451	$ 2,282,478	$ 1,434,027
Transfer out	(848,451)	(848,451)	(2,282,478)	(1,434,027)
Net Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance at Beginning of Year			10	
Fund Balance at End of Year			$ 10	

CITY OF SANTA CLARITA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
Investment income	$ -	$ -	$ 30	$ 30
Expenditures:				
Debt Service:				
Debt Services	3,193,686	10,809,161	6,170,954	4,638,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,193,686)	(10,809,161)	(6,170,924)	4,638,237
Other financing sources (uses):				
Bonds issued	-	-	31,325,000	31,325,000
Premium on bonds issued			1,672,352	1,672,352
Payment to refunding bond escrow agent	-	-	(32,907,353)	(32,907,353)
Transfers in	3,193,686	3,824,161	6,084,322	2,260,161
Total Other Financing Sources (Uses)	3,193,686	3,824,161	6,174,321	2,350,160
Net Change in Fund Balance	$ -	$ (6,985,000)	3,397	$ 6,988,397
Fund Balance at Beginning of Year			3	
Fund Balance at End of Year			$ 3,400	

INTERNAL SERVICE FUNDS
AS OF AND FORTHE YEAR ENDED JUNE 30, 2016

The Internal Service Funds are used to account for goods or services provided by a central service department to other City departments.

Self-Insurance – To account for the City's self-insurance program.

Computer Replacement – To account for the financing of the replacement of the City's computer equipment.

Vehicle Replacement – To account for the financing of the replacement of the City's automotive equipment.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Self Insurance	Computer Replacement	Vehicle Replacement	Totals
Assets:				
Current assets:				
Cash and investments	$ 3,611,874	$ 2,069,474	$ 4,194,755	$ 9,876,103
Receivables:				
Accounts	-	404	5,106	5,510
Interest	9,843	5,123	10,384	25,350
Prepaid costs	-	72,801	-	72,801
Total Current Assets	3,621,717	2,147,802	4,210,245	9,979,764
Noncurrent assets:				
Capital assets:				
Equipment, net of accumulated depreciation	-	166,951	948,483	1,115,434
Total Assets	3,621,717	2,314,753	5,158,728	11,095,198
Deferred Outflows of Resources:				
Deferred outflows of net pension liability	15,728	-	-	15,728
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	27,060	251,672	52	278,784
Compensated absences	4,269	-	-	4,269
Claims and judgments	1,515,623	-	-	1,515,623
Total Current Liabilities	1,546,952	251,672	52	1,798,676
Noncurrent liabilities:				
Net pension liability	113,320	-	-	113,320
Claims and judgments	934,192	-	-	934,192
Total Non-current Liabilities	1,047,512	-	-	1,047,512
Total Liabilities	2,594,464	251,672	52	2,846,188
Deferred Inflows of Resources:				
Deferred inflows of net pension liability	11,136	-	-	11,136
Net position:				
Net investment in capital assets	-	166,951	948,483	1,115,434
Unrestricted	1,031,845	1,896,130	4,210,193	7,138,168
Total Net Position	$ 1,031,845	$ 2,063,081	$ 5,158,676	$ 8,253,602

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Self Insurance	Computer Replacement	Vehicle Replacement	Totals
Operating Revenues:				
Charges for services	$ 1,945,990	$ 601,321	$ 142,104	$ 2,689,415
Other revenues	-	15,412	-	15,412
Total Operating Revenues	1,945,990	616,733	142,104	2,704,827
Operating Expenses:				
Administration and personnel services	175,313	-	-	175,313
Services and supplies	1,466,892	782,572	-	2,249,464
Depreciation and expense	-	68,382	151,977	220,359
Total Operating Expenses	1,642,205	850,954	151,977	2,645,136
Operating Income (Loss)	303,785	(234,221)	(9,873)	59,691
Nonoperating Revenues (Expenses):				
Investment income	59,434	35,329	71,789	166,552
Gain (loss) on disposal of fixed assets	-	2,639	30,083	32,722
Total Net Nonoperating Revenues (Expenses)	59,434	37,968	101,872	199,274
Income (loss) before transfers	363,219	(196,253)	91,999	258,965
Transfers				
Transfers in	76,219	-	-	76,219
Transfers out	(446,185)	-	-	(446,185)
Total Transfers	(369,966)	-	-	(369,966)
Change in net position	(6,747)	(196,253)	91,999	(111,001)
Net Position				
Net Position at Beginning of the Year	1,038,592	2,259,334	5,066,677	8,364,603
Net Position at End of the Year	$ 1,031,845	$ 2,063,081	$ 5,158,676	$ 8,253,602

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Self Insurance	Computer Replacement	Vehicle Replacement	Totals
Cash flows from operating activities:				
Cash received from customers and users	$ 2,001,620	$ 616,329	$ 136,998	$ 2,754,947
Cash paid to suppliers for goods and services	(1,084,088)	(563,401)	(52,636)	(1,700,125)
Cash paid to employees for services	(176,969)	-	-	(176,969)
Net Cash Provided by Operating Activities	740,563	52,928	84,362	877,853
Cash flows from non-capital financing activities:				
Cash transfers out	(446,185)	-	-	(446,185)
Cash transfers in	76,219	-	-	76,219
Net Cash Provided (Used in) Non-capital Financing Activities	(369,966)	-	-	(369,966)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(96,415)	(356,458)	(452,873)
Proceeds from sales of capital assets	-	2,639	30,083	32,722
Net Cash (Used in) Capital and Related Financing Activities	-	(93,776)	(326,375)	(420,151)
Cash flows from investing activities:				
Interest received	57,314	34,346	70,110	161,770
Net Cash Provided by Investing Activities	57,314	34,346	70,110	161,770
Net Increase (Decrease) in Cash and Cash Equivalents	427,911	(6,502)	(171,903)	249,506
Cash and Cash Equivalents, Beginning of Fiscal Year	3,183,963	2,075,976	4,366,658	9,626,597
Cash and Cash Equivalents, End of Fiscal Year	$ 3,611,874	$ 2,069,474	$ 4,194,755	9,876,103
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 303,785	$ (234,221)	$ (9,873)	$ 59,691
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	68,382	151,977	220,359
Pension Expense	11,066	-	-	11,066
(Increase)/decrease in accounts receivable	55,630	(404)	(5,106)	50,120
Decrease in prepaid expense	-	67,212	-	67,212
Payments related to deferred outflows for contributions subseq	(14,538)	-	-	(14,538)
Increase/(decrease) in accounts payable	(73,096)	151,959	(52,636)	26,227
Increase in claims and judgments	455,900	-	-	455,900
Increase in compensated absences	1,816	-	-	1,816
Total Adjustments	436,778	287,149	94,235	818,162
Net Cash Provided by Operating Activities	$ 740,563	$ 52,928	$ 84,362	$ 877,853
Non-cash investing, capital and financing activities				
Disposal of capital assets	$ -	$ -	$ -	$ -

AGENCY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Agency Funds are used to account for assets held by the City as an agency for individuals.

Assessment District No. 92-2 – To account for monies held to account for debt service requirements of Assessment District No. 92-2.

Assessment District No. 99-1 – To account for monies held to account for debt service requirements of Assessment District No. 99-1.

Community Facilities District No. 2002-1 – To account for monies held to account for debt service requirements for Community Facilities District No. 2002-1.

Santa Clarita Watershed and Recreation Conservancy Authority – To account for monies held for the operations of the Watershed Authority, for which the City performs administrative functions.

Santa Clarita Public Television Authority – To account for monies held for the operations of the Santa Clarita Public Television Authority, for with the City performs administrative functions.

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	Assessment District No. 92-2	Assessment District No. 99-1	Community Facilities District No. 2002-1
Assets:			
Cash and investments	$ 147,790	$ 85,031	$ 844,620
Receivables:			
Interest	366	210	2,087
Taxes	1,815	2,972	-
Due from external parties	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	55,909	59,723	1,643,939
Capital assets:			
Land	-	-	-
Building, net of accumulated depreciation	-	-	-
Total Assets	$ 205,880	$ 147,936	$ 2,490,646
Liabilities:			
Accounts payable	$ -	$ -	$ -
Due to external parties	205,880	147,936	2,490,646
Total Liabilities	$ 205,880	$ 147,936	$ 2,490,646

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Santa Clarita Watershed and Recreation Conservancy Authority	Santa Clarita Public Television Authority	Totals
$ 4,431	$ 4	$ 1,081,876
-	-	2,663
-	-	4,787
-	3,746	3,746
-	-	1,759,571
9,937,976	-	9,937,976
82,776	-	82,776
$ 10,025,183	$ 3,750	$ 12,873,395
$ 500	$ 3,750	$ 4,250
10,024,683		12,869,145
$ 10,025,183	$ 3,750	$ 12,873,395

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assessment District No. 92-2				
Assets				
Cash and investments	$ 134,597	$ 82,960	$ 69,767	$ 147,790
Receivables:				
Interest	268	366	268	366
Taxes	417	1,814	416	1,815
Prepaid costs	944	-	944	-
Restricted assets:				
Cash and investments with fiscal agents	55,909	-	-	55,909
Total Assets	$ 192,135	$ 85,140	$ 71,395	$ 205,880
Liabilities				
Accounts payable	$ 965	$ 5,800	$ 6,765	$ -
Due to external parties	191,170	79,341	64,631	205,880
Total Liabilities	$ 192,135	$ 85,141	$ 71,396	$ 205,880
Assessment District No. 99-1				
Assets				
Cash and investments	$ 76,552	$ 76,363	$ 67,884	$ 85,031
Receivables:				
Interest	153	210	153	210
Taxes	1,750	2,972	1,750	2,972
Prepaid costs	903	-	903	-
Restricted assets:				
Cash and investments with fiscal agents	59,715	8	-	59,723
Total Assets	$ 139,073	$ 79,553	$ 70,690	$ 147,936
Liabilities				
Accounts payable	$ 987	$ 4,858	$ 5,845	$ -
Due to external parties	138,086	74,696	64,846	147,936
Total Liabilities	$ 139,073	$ 79,554	$ 70,691	$ 147,936

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Community Facilities District No. 2002-1				
Assets				
Cash and investments	$ 802,888	$ 1,207,704	$ 1,165,972	$ 844,620
Receivables:				
Interest	1,601	2,087	1,601	2,087
Restricted assets:				
Cash and investments with fiscal agents	1,643,488	2,294,323	2,293,872	1,643,939
Total Assets	$ 2,447,977	$ 3,504,114	$ 3,461,445	$ 2,490,646
Liabilities				
Accounts payable	$ -	$ 2,185	$ 2,185	$ -
Due to other governments	635	-	635	-
Due to external parties	2,447,342	3,501,929	3,458,625	2,490,646
Total Liabilities	$ 2,447,977	$ 3,504,114	$ 3,461,445	$ 2,490,646
Santa Clarita Watershed Recreation and Conservancy Authority				
Assets				
Cash and investments	$ 17,856	$ 715,043	$ 728,468	$ 4,431
Due from other governments	715,000	-	715,000	-
Capital assets:				-
Land	9,937,976	-	-	9,937,976
Building, net of accumulated depreciation	86,538	-	3,762	82,776
Total Assets	$ 10,757,370	$ 715,043	$ 1,447,230	$ 10,025,183
Liabilities				
Accounts payable	$ -	$ 500	$ -	$ 500
Due to external parties	10,757,370	714,543	1,447,230	10,024,683
Total Liabilities	$ 10,757,370	$ 715,043	$ 1,447,230	$ 10,025,183

(Continued)

CITY OF SANTA CLARITA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Santa Clarita Public Television Authority				
Assets				
Cash and investments	$ 3	$ 149,726	$ 149,725	$ 4
Total Assets	$ 3	$ 149,726	$ 149,725	$ 4
Liabilities				
Accounts payable	$ -	$ 3,750	$ -	$ 3,750
Due to (from) external parties	3	95,976	99,725	(3,746)
Total Liabilities	$ 3	$ 99,726	$ 99,725	$ 4
Total Agency Funds				
Assets				
Cash and investments	$ 1,031,896	$ 2,231,796	$ 2,181,816	$ 1,081,876
Receivables:				
Interest	2,022	2,663	2,022	2,663
Taxes	2,167	4,786	2,166	4,787
Prepaid costs	1,847	-	1,847	-
Due from other governments	715,000	-	715,000	-
Restricted assets:				
Cash and investments with fiscal agents	1,759,112	2,294,331	2,293,872	1,759,571
Capital assets:				
Land	9,937,976	-	-	9,937,976
Building, net of accumulated depreciation	86,538	-	3,762	82,776
Total Assets	$ 13,536,558	$ 4,533,576	$ 5,196,723	$ 12,869,649
Liabilities				
Accounts payable	$ 1,952	$ 17,093	$ 14,795	$ 4,250
Due to other governments	635	-	635	-
Due to external parties	13,533,971	4,466,485	5,135,057	12,865,399
Total Liabilities	$ 13,536,558	$ 4,483,578	$ 5,150,487	$ 12,869,649

STATISTICAL SECTION

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

CITY OF SANTA CLARITA, CALIFORNIA

STATISTICS

This part of the City of Santa Clarita's comprehensive annual financial report presents detail 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	PAGE

City of Santa Clarita
Net Position by Component [1]
Last Ten Fiscal Years Ended June 30, 2016
(accrual basis of accounting)

	FISCAL YEAR			
	15-16	**14-15**	**13-14**	**12-13**
Governmental Activities				
Net investment in capital assets	$ 810,324,041	$ 818,817,043	$ 799,926,613	$ 738,271,282
Restricted for:				
Capital projects			-	14,292,447
Debt service			-	-
Specific projects and programs	87,150,698	73,541,304	71,643,713	54,229,493
Total restricted	87,150,698	73,541,304	71,643,713	68,521,940
Unrestricted	98,978,896	79,211,600	52,551,033	65,706,424
Total governmental activities net position	$ 996,453,635	$ 971,569,947	$ 924,121,359	$ 872,499,646
Business-Type Activities				
Net investment in capital assets	$ 76,687,260	$ 78,495,871	$ 83,296,545	$ 76,561,407
Unrestricted	3,101,763	2,766,972	2,250,491	3,835,316
Total business-type activities net position	$ 79,789,023	$ 81,262,843	$ 85,547,036	$ 80,396,723
Primary Government				
Net investment in capital assets	$ 887,011,301	$ 897,312,914	$ 883,223,158	$ 814,832,689
Restricted	87,150,698	73,541,304	71,643,713	68,521,940
Unrestricted	102,080,659	81,978,572	54,801,524	69,541,740
Total primary government net position	$1,076,242,658	$1,052,832,790	$1,009,668,395	$ 952,896,369

Note:
(1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted and unrestricted. Net position is considered restricted only when (a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or (b) enabling legislation is enacted by the City.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
11-12	10-11	09-10	08-09	07-08	06-07
$ 743,281,558	$ 717,613,095	$ 657,644,168	$ 629,621,720	$ 672,306,820	$ 661,210,117
3,275,312	3,452,815	4,769,573	4,769,573	45,993,804	18,134,924
-	-	-	-	632,680	-
46,915,965	30,201,655	85,895,468	92,644,739	61,018,399	34,441,539
50,191,277	33,654,470	90,665,041	97,414,312	107,644,883	52,576,463
79,141,211	67,397,688	63,218,255	98,512,704	66,249,901	87,737,817
$ 872,614,046	$ 818,665,253	$ 811,527,464	$ 825,548,736	$ 846,201,604	$ 801,524,397
$ 73,778,640	$ 75,416,868	$ 67,911,725	$ 66,478,547	$ 63,526,242	$ 62,246,621
3,099,419	503,446	(176,196)	3,603,396	2,957,611	1,553,088
$ 76,878,059	$ 75,920,314	$ 67,735,529	$ 70,081,943	$ 66,483,853	$ 63,799,709
$ 817,060,198	$ 793,029,963	$ 725,555,893	$ 696,100,267	$ 735,833,062	$ 723,456,738
50,191,277	33,654,470	90,665,041	97,414,312	107,644,883	52,576,463
82,240,630	67,901,134	63,042,059	102,116,100	69,207,512	89,290,905
$ 949,492,105	$ 894,585,567	$ 879,262,993	$ 895,630,679	$ 912,685,457	$ 865,324,106

City of Santa Clarita
Changes in Net Position [(1)]
Last Ten Fiscal Years Ended June 30, 2016
(accrual basis of accounting)

	FISCAL YEAR			
	15-16	14-15	13-14	12-13
Expenses				
Governmental Activities				
General government	$ 39,155,006	$ 46,224,813	$ 41,807,284	$ 35,921,943
Public safety	23,778,931	22,235,368	22,187,434	19,940,098
Public works	30,467,720	36,103,144	26,183,862	28,651,261
Parks, recreation and community service	23,350,273	22,619,337	22,550,301	21,809,820
Community development	10,505,906	5,720,237	6,193,101	7,214,293
Unallocated infrastructure depreciation	18,342,933	18,072,657	17,561,539	15,163,864
Interest on long-term debt	2,194,181	1,827,094	1,872,832	1,992,574
Total governmental activities expenses	147,794,950	152,802,650	138,356,353	130,693,853
Business-Type Activities				
Transit	28,127,407	28,062,668	26,819,161	25,653,753
Total business-type activities expenses	28,127,407	28,062,668	26,819,161	25,653,753
Total primary government expenses	$175,922,357	$180,865,318	$165,175,514	$156,347,606
Program Revenues				
Governmental Activities				
Charges for services:				
General government	$ 21,977,246	$ 26,783,616	$ 31,970,148	$ 24,323,027
Public safety	1,162,551	1,605,059	1,847,403	2,284,334
Public works	17,339,507	13,056,586	12,463,046	9,943,014
Parks, recreation and community service	8,142,336	4,525,662	4,390,686	4,371,888
Community development	1,857,018	1,774,482	1,961,243	1,611,184
Operating grants and contributions	7,705,545	12,561,608	19,421,199	9,061,950
Capital grants and contributions	23,602,526	30,107,231	22,530,841	33,585,797
Total governmental activities program revenues	81,786,729	90,414,244	94,584,566	85,181,194
Business-Type Activities				
Charges for services:				
Transit	7,546,433	6,779,579	7,587,497	6,863,086
Operating grants and contributions	9,153,499	8,228,348	8,984,127	8,579,209
Capital grants and contributions	3,504,305	1,423,440	10,804,747	8,513,238
Total business-type activities program revenues	20,204,237	16,431,367	27,376,371	23,955,533
Total primary government revenues	$101,990,966	$106,845,611	$121,960,937	$109,136,727

Note:
(1) The City implemented the GASB 34 reporting module for the fiscal year ended June 30, 2003.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
11-12	10-11	09-10	08-09	07-08	06-07
$ 33,664,470	$ 47,048,462	$ 32,116,335	$ 30,094,380	$ 27,488,731	$ 26,029,070
27,391,075	21,280,904	17,912,704	17,489,870	16,482,917	14,398,408
30,623,718	25,799,166	26,758,527	48,514,645	30,549,888	19,273,980
19,282,538	11,281,552	27,835,763	32,747,618	21,817,251	20,573,077
5,896,640	11,547,650	13,831,341	9,761,681	9,257,881	8,985,449
16,844,238	16,392,901	15,545,626	14,405,047	13,128,617	12,920,310
3,391,058	4,650,566	5,476,918	5,786,174	3,127,998	2,087,949
137,093,737	138,001,201	139,477,214	158,799,415	121,853,283	104,268,243
24,930,635	24,127,043	23,348,708	22,299,379	21,506,317	18,315,106
24,930,635	24,127,043	23,348,708	22,299,379	21,506,317	18,315,106
$162,024,372	$162,128,244	$162,825,922	$181,098,794	$143,359,600	$122,583,349
$ 13,719,117	$ 398,181	$ 396,651	$ 621,624	$ 2,737,355	$ 302,075
2,079,109	2,305,608	2,194,038	1,898,022	2,291,100	2,131,060
7,209,724	4,929,602	3,162,052	260,524	355,817	3,575,546
4,156,386	4,220,977	3,956,933	3,849,699	3,875,539	3,895,422
5,152,484	12,059,509	15,937,913	35,138,334	26,341,684	20,182,722
16,032,433	14,090,686	16,224,269	9,931,109	22,600,793	26,641,145
28,616,388	31,325,725	15,249,634	38,785,576	39,003,536	24,770,306
76,965,641	69,330,288	57,121,490	90,484,888	97,205,824	81,498,276
6,616,778	6,573,879	3,181,614	3,299,263	3,216,239	5,827,778
7,385,264	6,913,534	10,260,579	13,653,177	11,876,720	12,616,641
5,041,992	13,043,418	-	-	617,421	750,200
19,044,034	26,530,831	13,442,193	16,952,440	15,710,380	19,194,619
$ 96,009,675	$ 95,861,119	$ 70,563,683	$107,437,328	$112,916,204	$100,692,895

(Continued)

City of Santa Clarita
Changes in Net Position [(1)]
Last Ten Fiscal Years Ended June 30, 2016
(accrual basis of accounting)

	FISCAL YEAR			
	15-16	**14-15**	**13-14**	**12-13**
Net Revenues (expenses):				
Governmental activities	(66,008,221)	$ (62,388,406)	$ (43,771,787)	$ (45,512,659)
Business-type activities	(7,923,170)	(11,631,301)	557,210	(1,698,220)
Total net revenues (expenses)	(73,931,391)	$ (73,931,391)	$ (74,019,707)	$ (43,214,577)
General Revenue and Other Changes in Net Position				
Governmental activities				
Taxes:				
Sales taxes	$ 37,807,385	$ 34,355,412	$ 33,480,522	$ 32,057,358
Property taxes	40,072,597	38,556,890	35,652,080	32,341,369
Franchise taxes	8,392,789	8,512,818	7,796,070	7,141,953
Real property transfer taxes	1,383,743	1,169,780	947,470	706,180
Transient occupancy taxes	3,813,437	3,124,904	2,781,527	2,556,774
Unrestricted revenue in lieu of motor vehicle taxes	128,783	85,703	86,531	91,062
Unrestricted revenue in lieu of sales taxes	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	4,142,959	2,240,594	2,090,322	(82,870)
Miscellaneous revenue	1,080,771	678,937	781,986	310,676
Gain on sale of capital asset	459,709	27,410	18,174	-
Transfers	(6,390,264)	(7,329,516)	(5,692,032)	(5,187,224)
Reversal of Allowance for Notes to RDA Successor Agency		12,633,832		
Capital Contributions		15,780,230		
Total governmental activities	90,891,909	109,836,994	77,942,650	69,935,278
Business-type activities				
Unrestricted investment earnings	59,086	17,592	4,791	29,660
Miscellaneous revenue			-	-
Transfers	6,390,264	7,329,516	5,692,032	5,187,224
Total business-type activities	6,449,350	7,347,108	5,696,823	5,216,884
Total primary government	$ 97,341,259	$117,184,102	$ 83,639,473	$ 75,152,162
Extraordinary Item				
Gain from dissolution of former redevelopment agency of the City of Santa Clarita	-	$ -	$ -	$ -
Change in Net Position				
Governmental activities	$ 24,883,688	$ 47,448,588	$ 34,170,863	$ 24,422,619
Business-type activities	(1,473,820)	(4,284,193)	6,254,033	3,518,664
Total primary government	$ 23,409,868	$ 43,164,395	$ 40,424,896	$ 27,941,283

Note:
(1) The City implemented the GASB 34 reporting module for the fiscal year ended June 30, 2003.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

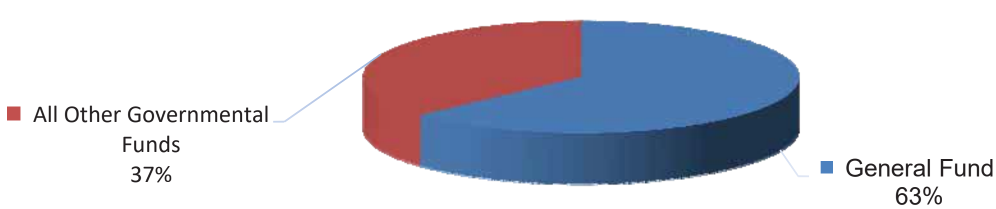
FISCAL YEAR

11-12	10-11	09-10	08-09	07-08	06-07
$ (60,128,096)	$ (68,670,913)	$ (82,355,724)	$ (68,314,527)	$ (24,647,459)	$ (22,769,967)
(5,886,601)	2,403,788	(9,906,515)	(5,346,939)	(5,795,937)	879,513
$ -	$ -	$ (66,267,125)	$ (92,262,239)	$ (73,661,466)	$ (30,443,396)
$ 28,828,139	$ 27,701,757	$ 24,511,238	$ 27,751,506	$ 29,076,388	$ 23,790,825
34,818,426	24,996,219	25,126,278	26,820,068	24,482,930	27,891,202
6,920,244	6,697,241	6,407,923	6,704,074	6,028,903	6,248,912
590,474	3,082,456	4,564,687	4,816,638	836,824	1,073,774
2,380,547	2,106,521	2,050,857	2,260,708	2,433,651	1,804,923
-	-	-	-	-	-
-	3,316,058	3,221,498	3,083,353	8,490,865	8,156,017
87,883	812,475	896,708	1,015,413	1,252,281	1,862,901
1,509,201	3,756,112	4,871,133	6,020,940	4,566,884	4,970,193
5,372,890	9,148,163	4,161,677	3,193,421	-	-
-	-	-	-	-	-
(6,844,199)	(5,808,300)	(7,477,547)	(8,006,128)	(8,431,120)	441,376
73,663,605	75,808,702	68,334,452	73,659,993	68,737,606	76,240,123
147	(27,303)	82,554	-	48,961	26,367
-	-	-	938,901	-	-
6,844,199	5,808,300	7,477,547	8,006,128	8,431,120	(441,376)
6,844,346	5,780,997	7,560,101	8,945,029	8,480,081	(415,009)
$ 80,507,951	$ 81,589,699	$ 75,894,553	$ 82,605,022	$ 77,217,687	$ 75,825,114
$ 40,413,284	$ -	$ -	$ -	$ -	$ -
$ 53,948,793	$ 7,137,789	$ (14,021,272)	$ 5,345,466	$ 44,090,147	$ 53,470,156
957,745	8,184,785	(2,346,414)	3,598,090	2,684,144	464,504
$ 54,906,538	$ 15,322,574	$ (16,367,686)	$ 8,943,556	$ 46,774,291	$ 53,934,660

City of Santa Clarita
Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30, 2016
(modified accrual basis of accounting)

	FISCAL YEAR			
	15-16	**14-15**	**13-14**	**12-13**
General Fund				
Reserved		$ -	$ -	$ -
Unreserved		-	-	-
Nonspendable	11,108,252	11,024,338	11,519,143	11,910,059
Restricted		-	-	-
Committed		-	-	-
Assigned	79,367,084	55,336,807	51,718,096	47,106,536
Unassigned	50,669,580	50,141,486	45,654,640	35,320,706
Total general fund	$ 141,144,916	$ 116,502,631	$ 108,891,879	$ 94,337,301
All Other Governmental Funds				
Reserved		$ -	$ -	$ -
Unreserved:				
Special revenue funds		-	-	-
Debt service fund		-	-	-
Capital projects fund		-	-	-
Nonspendable	223,648	1,455,067	606,996	670,612
Restricted	87,150,698	85,763,293	84,268,720	68,957,999
Committed	14,000	14,000	612,829	716,826
Assigned	1,881,728	1,843,822	3,412,127	4,466,367
Unassigned	(6,975,198)	(8,633,303)	(9,300,647)	(10,665,597)
Total all other governmental funds	$ 82,294,876	$ 80,442,879	$ 79,600,025	$ 64,146,207

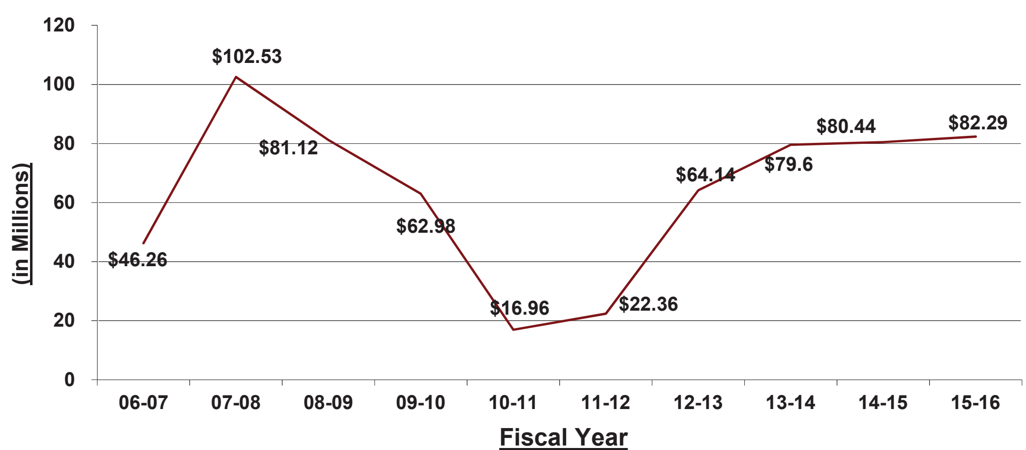
FUND BALANCES
Fiscal Year Ended June 30, 2016



Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
11-12	10-11	09-10	08-09	07-08	06-07
$ -	$ -	$ 19,546,015	$ 32,617,139	$ 34,920,547	$ 34,699,034
-	-	58,211,508	41,674,470	31,153,879	28,500,824
18,902,350	23,845,861	-	-	-	-
-	-	-	-	-	-
66,257	12,356,339	-	-	-	-
309,078	572,781	-	-	-	-
50,664,338	46,915,238	-	-	-	-
$ 69,942,023	$ 83,690,219	$ 77,757,523	$ 74,291,609	$ 66,074,426	$ 63,199,858
$ -	$ -	$ 51,195,454	$ 70,667,494	$ 51,972,970	$ 48,303,588
-	-	2,109,198	(7,048,095)	28,377,796	3,827,570
-	-	(24,048,962)	(17,004,471)	(15,873,835)	(10,461,382)
-	-	33,725,531	34,502,270	38,050,255	4,592,332
28,885,983	28,813,152	-	-	-	-
46,915,965	57,205,072	-	-	-	-
-	-	-	-	-	-
3,275,312	3,637,410	-	-	-	-
(56,718,519)	(72,692,440)	-	-	-	-
$ 22,358,741	$ 16,963,194	$ 62,981,221	$ 81,117,198	$ 102,527,186	$ 46,262,108

FUND BALANCES
ALL OTHER GOVERNMENTAL FUNDS
Last Ten Fiscal Years



City of Santa Clarita
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30, 2016
(modified accrual basis of accounting)

	FISCAL YEAR			
	15-16	**14-15**	**13-14**	**12-13**
Revenues:				
Taxes	$ 91,598,734	$ 85,789,556	$ 80,285,660	$ 73,972,006
Licenses and permits	7,283,898	5,567,280	5,366,972	4,246,957
Developer fees	6,272,799	10,764,554	2,600,997	15,828,388
Investment income	3,937,618	2,026,507	1,911,491	1,702,006
Intergovernmental	31,380,753	31,953,692	34,355,734	27,452,216
Fines and forfeitures	973,753	1,261,752	1,661,157	2,114,166
Service charges	36,828,067	37,738,754	42,156,582	36,311,324
Other revenues	1,789,724	511,117	5,943,608	332,146
Total Revenues	180,065,346	175,613,212	174,282,201	161,959,209
Expenditures:				
Current:				
General government	35,969,981	43,196,168	36,294,205	35,433,288
Public safety	23,777,171	22,188,641	22,137,338	19,894,859
Public works	37,937,050	36,082,625	24,385,865	27,968,407
Parks and recreation	21,327,662	21,007,651	20,498,108	19,824,550
Community development	10,673,993	5,883,441	6,185,263	7,252,424
Capital outlay	10,562,953	23,224,180	36,580,589	23,837,533
Debt service:				
Principal	2,852,140	1,992,479	1,837,174	1,750,538
Interest, professional services and fiscal charges	4,539,815	1,850,703	1,885,546	2,039,144
Redemption of district credits	-	5,105,402	-	14,368,419
Total Expenditures	147,640,765	160,531,290	149,804,088	152,369,162
Excess of Revenues Over (Under) Expenditures	32,424,581	15,081,922	24,478,113	9,590,047
Other Financing Sources (Uses)				
Revenue bonds issued/issuance premium	32,997,352	-	-	-
Proceeds of long-term debt	(32,907,353)	-	-	-
Escrow payment, costs of bonds issuance and others		-	-	-
Proceeds from capital lease		-	-	-
Transfers in	11,940,563	7,850,640	9,757,447	9,069,495
Transfers out	(17,960,861)	(14,478,956)	(15,524,498)	(14,256,719)
Issuance of district credits		-	11,297,334	12,270,335
Total Other Financing Sources (Uses)	(5,930,299)	(6,628,316)	5,530,283	7,083,111
Extraordinary Item:				
Dissolution of Santa Clarita Redevelopment Agency	-	-	-	-
Net change in fund balances	26,494,282	8,453,606	30,008,396	16,673,158
Fund balances - Beginning of Year	196,945,510	188,491,904	158,483,508	141,810,350
Fund balances - End of Year	$ 223,439,792	$ 196,945,510	$ 188,491,904	$ 158,483,508
Debt service as percentage of noncapital expenditures	5.72%	2.80%	3.26%	2.95%

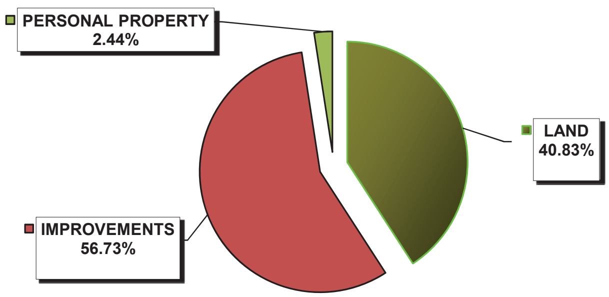
Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
11-12	10-11	09-10	08-09	07-08	06-07
$ 73,625,713	$ 72,474,882	$ 80,714,829	$ 87,659,599	$ 88,088,786	$ 70,576,755
4,097,709	3,675,424	4,093,250	3,697,218	5,256,748	4,203,933
7,181,986	282,776	3,053,363	15,763,070	22,290,808	6,747,767
2,739,794	3,798,498	5,485,925	10,749,728	8,287,441	7,926,763
28,375,142	19,780,700	33,881,145	28,882,884	24,247,611	37,300,213
1,674,085	1,891,500	1,936,318	1,759,371	2,121,570	1,918,954
28,145,012	23,608,272	10,812,521	8,375,771	9,931,041	13,463,673
6,425,792	7,685,141	7,234,923	5,077,400	3,368,879	4,356,961
152,265,233	133,197,193	147,212,274	161,965,041	163,592,884	146,495,019
50,816,449	42,213,597	27,951,510	27,250,056	25,965,196	23,411,750
25,412,420	21,230,594	17,862,129	17,439,295	16,342,979	14,347,833
20,753,607	34,210,327	20,594,575	42,937,168	25,977,763	19,511,097
19,523,584	21,853,319	20,048,430	20,126,412	20,156,343	18,943,146
5,923,872	11,575,365	10,849,942	7,095,386	7,583,236	9,051,652
27,403,439	21,311,885	46,183,268	41,826,511	44,906,802	57,926,955
2,338,787	2,246,218	2,611,372	2,072,341	1,927,198	2,374,870
3,743,134	4,796,695	5,411,152	5,279,549	4,632,979	2,298,974
-	-	-	-	-	-
155,915,292	159,438,000	151,512,378	164,026,718	147,492,496	147,866,277
(3,650,059)	(26,240,807)	(4,300,104)	(2,061,677)	16,100,388	(1,371,258)
-	-	-	-	-	13,894,752
-	-	-	-	54,235,000	-
-	-	-	-	(226,682)	-
252,068	-	-	-	-	-
16,538,674	50,869,852	18,953,115	12,150,426	43,112,541	27,468,089
(29,810,448)	(64,714,376)	(28,930,662)	(23,281,554)	(54,668,661)	(29,881,193)
-	-	-	-	-	-
(13,019,706)	(13,844,524)	(9,977,547)	(11,131,128)	42,452,198	11,481,648
8,317,116	-	-	-	-	-
(8,352,649)	(40,085,331)	(14,277,651)	(13,192,805)	58,552,586	10,110,390
100,653,413	140,738,744	155,016,395	168,601,612	110,049,026	99,351,576
$ 92,300,764	$ 100,653,413	$ 140,738,744	$ 155,408,807	$ 168,601,612	$ 109,461,966
4.40%	5.96%	6.84%	5.54%	5.16%	4.27%

City of Santa Clarita
Assessed Values [1] and Actual Values of Taxable Property
Last Ten Fiscal Years

	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED (UTILITY)				SECURED				
Fiscal Year	LAND	IMPROVE-MENTS	PERSONAL PROPERTY	TOTAL	LAND	IMPROVE-MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
2006-07	2,156,981	8,312,011	197,013	10,666,005	8,556,960,792	9,766,997,767	104,509,489	(253,946,364)	18,174,521,684
2007-08	1,515,305	6,727,866	-	8,243,171	9,899,005,161	10,912,016,138	98,107,607	(214,371,451)	20,694,757,455
2008-09	1,515,305	330,866	-	1,846,171	10,259,253,083	11,386,047,165	95,440,322	(203,174,372)	21,537,566,198
2009-10	1,750,395	2,264,780	-	4,015,175	9,416,163,697	11,115,441,327	105,296,475	(323,630,904)	20,313,270,595
2010-11	1,750,395	2,264,780	-	4,015,175	9,160,567,699	11,280,024,994	112,335,544	(330,372,395)	20,222,555,842
2011-12	1,431,971	2,264,780	-	3,696,751	9,097,382,703	11,485,773,659	107,089,927	(372,583,638)	20,317,662,651
2012-13	1,431,971	2,264,780	-	3,696,751	8,882,930,332	11,516,988,299	111,202,431	(400,045,608)	20,111,075,454
2013-14	1,431,971	2,264,780	-	3,696,751	9,989,545,816	13,726,755,146	107,166,367	(412,668,046)	23,410,799,283
2014-15	1,431,971	2,264,780	-	3,696,751	10,820,572,961	14,749,259,449	103,844,310	(453,562,893)	25,220,113,827
2015-16	1,431,971	2,264,780	-	3,696,751	11,358,919,366	15,476,133,167	109,544,613	(471,097,603)	26,473,499,543

ASSESSED VALUATION by CATEGORIES
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2016

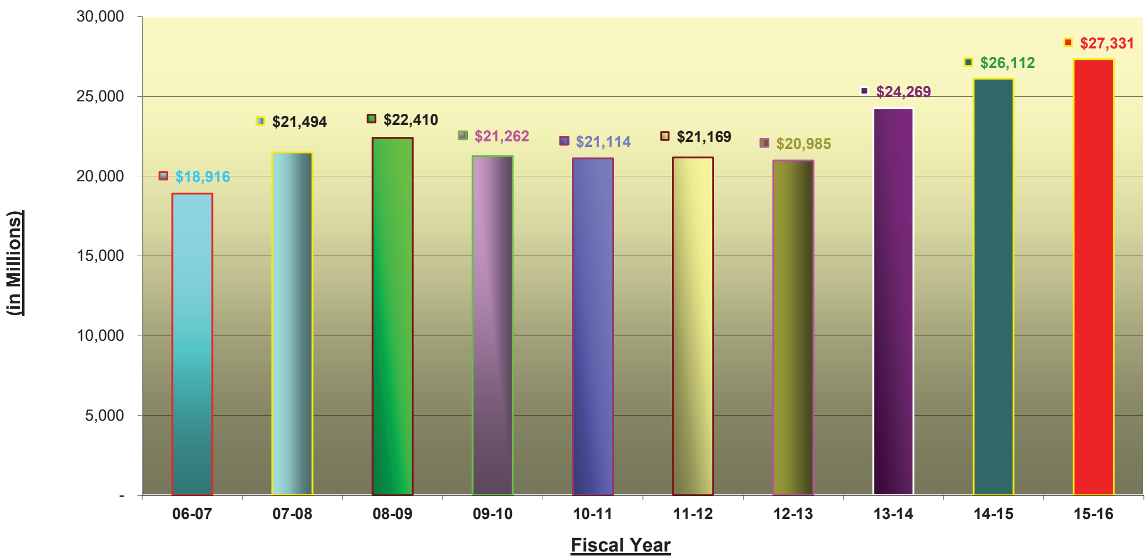


Note:
(1) Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code.
(2) Direct Rate includes Redevelopment Agency areas.

Source: HdL Coren & Cone, County of Los Angeles, Auditor-Controller Office, Combined Tax Rolls 2015-16

LOCALLY ASSESSED				TOTALS				
	UNSECURED							HOME-
IMPROVE-MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL	BEFORE OTHER EXEMPTIONS	TAXABLE ASSESSED VALUE	% INCR. (DECR.)	TOTAL DIRECT RATE (2)	OWNER PROPERTY TAX RELIEF
255,417,833	482,574,856	(7,299,585)	730,693,104	19,177,126,742	18,915,880,793	11.67%	0.06948%	206,464,204
264,708,723	558,804,055	(32,916,267)	790,596,511	21,740,884,855	21,493,597,137	13.63%	0.07531%	220,192,568
293,355,474	611,636,166	(33,951,806)	871,039,834	22,647,578,381	22,410,452,203	4.27%	0.07268%	223,396,120
359,543,253	600,420,921	(15,127,698)	944,836,476	21,600,880,848	21,262,122,246	-1.08%	0.07432%	224,731,598
346,874,191	553,829,644	(13,331,377)	887,372,458	21,457,647,247	21,113,942,935	-0.70%	0.07392%	223,277,279
314,286,482	548,430,090	(15,137,342)	847,579,230	21,556,659,612	21,168,938,632	0.26%	0.07291%	220,496,294
349,415,601	534,947,944	(13,693,787)	870,669,758	21,399,181,358	20,985,441,963	-0.87%	0.07183%	216,163,460
329,350,845	541,533,568	(15,907,716)	854,976,697	24,698,048,493	24,269,472,731	15.65%	0.09170%	236,577,388
339,544,656	561,740,289	(13,152,888)	888,132,057	26,578,658,416	26,111,942,635	7.59%	0.09163%	232,799,644
299,024,341	569,926,540	(15,283,837)	853,667,044	27,817,244,778	27,330,863,338	4.67%	0.09169%	230,402,082

TOTAL ASSESSED VALUATION
(Taxable Values)
Last Ten Fiscal Years



City of Santa Clarita
Redevelopment Agency [(1)]
Assessed Values [(2)] and Actual Values of Taxable Property
Last Ten Fiscal Years

	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED (UTILITY)				SECURED				
FISCAL YEAR	LAND	IMPROVE-MENTS	PERSONAL PROPERTY	TOTAL	LAND	IMPROVE-MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
2006-07	50,158	37,657	21,558	109,373	295,792,467	185,299,271	2,545,972	(5,085,710)	478,552,000
2007-08	-	-	-	-	335,974,647	205,086,767	2,346,546	(4,630,171)	538,777,789
2008-09	-	-	-	-	348,100,511	217,393,278	2,064,527	(3,754,719)	563,803,597
2009-10	-	-	-	-	343,043,150	214,695,279	1,775,246	(3,779,814)	555,733,861
2010-11	-	-	-	-	319,869,014	213,093,295	1,850,279	(3,196,475)	531,616,113
2011-12	-	-	-	-	322,803,745	214,686,716	1,933,165	(7,016,751)	532,406,875
2012-13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) The Redevelopment Agency of the City was established on November 28, 1989, pursuant to the State of California and Safety Code, Section 33000. However, the Agency was not active until fiscal year 1998-99 and the Base Year was calculated in fiscal year 1996-97, which included the Homeowners Tax Relief of that year. Redevelopment agencies were dissolved by the State of California effective February 1, 2012.

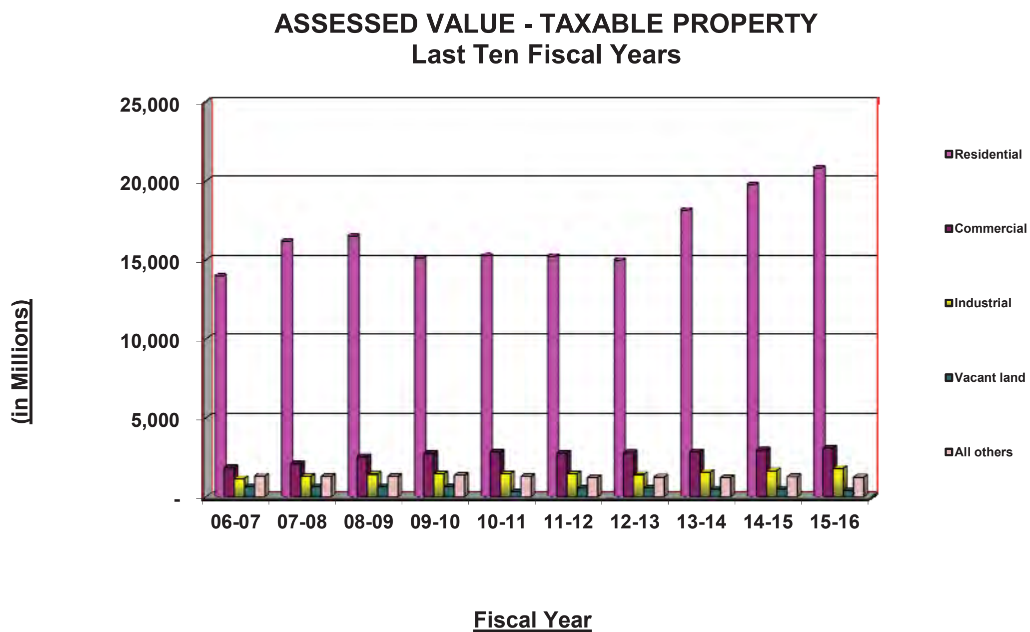
(2) Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code.

Source: County of Los Angeles, Auditor-Controller/Tax Division

LOCALLY ASSESSED				TOTALS				
UNSECURED								
IMPROVE-MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL	TOTALS BEFORE BASE YEAR	BASE YEAR	TAXABLE ASSESSED VALUE	VALUE GROWTH	HOME-OWNER PROPERTY TAX RELIEF
26,593,269	25,569,962	(16,300)	52,146,931	530,808,304	(266,351,517)	264,456,787	54,429,376	1,971,567
28,204,577	48,299,529	(217,300)	76,286,806	615,064,595	(266,351,517)	348,713,078	84,256,291	2,034,432
39,771,667	48,437,084	(77,000)	88,131,751	651,935,348	(266,351,517)	385,583,831	36,870,753	2,002,848
34,102,838	46,361,945	(84,500)	80,380,283	636,114,144	(266,351,517)	369,762,627	(15,821,204)	1,921,661
21,240,432	62,307,206	(84,500)	83,463,138	615,079,251	(266,351,517)	348,727,734	(21,034,893)	1,871,456
34,353,633	46,665,422	(102,000)	80,917,055	613,323,930	(266,351,517)	346,972,413	(1,755,321)	1,865,922
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

City of Santa Clarita
Assessed Values—Taxable Property
Last Ten Fiscal Years

	FISCAL YEAR				
CATEGORY	**15-16**	**14-15**	**13-14**	**12-13**	**11-12**
Residential	$ 20,809,579,112	$ 19,755,522,402	$ 18,138,258,224	$ 14,971,655,728	$ 15,212,586,674
Commercial	3,059,958,633	2,952,772,231	2,847,760,176	2,794,405,083	2,748,247,727
Industrial	1,799,119,742	1,642,718,866	1,561,091,316	1,413,623,056	1,455,126,754
Irrigated	2,936,120	2,834,466	2,827,311	2,796,388	3,016,072
Dry farm	-	-	-	-	-
Recreational	104,324,505	101,870,300	100,138,918	104,981,278	106,506,146
Institutional	162,056,819	142,862,940	136,824,169	132,119,758	125,982,002
Government	220,358	216,042	215,066	210,850	206,717
Miscellaneous	348,240	341,421	1,017,342	864,299	847,359
Vacant land	419,750,992	507,997,067	509,125,263	565,117,297	533,608,937
SBE Nonunitary	3,696,751	3,696,751	3,696,751	3,696,751	3,696,751
Possessory Int.	115,205,002	112,978,072	113,541,478	125,301,717	131,534,263
Unsecured	853,667,044	888,132,057	854,976,697	870,669,758	847,579,230
Unknown	20	20	20	-	-
TOTALS:	$ 27,330,863,338	$ 26,111,942,635	$ 24,269,472,731	$ 20,985,441,963	$ 21,168,938,632

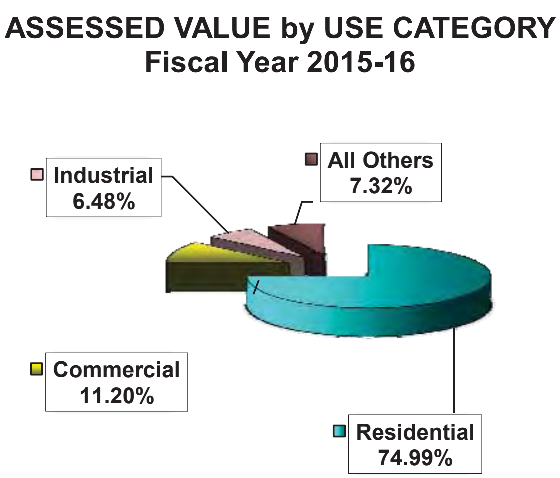


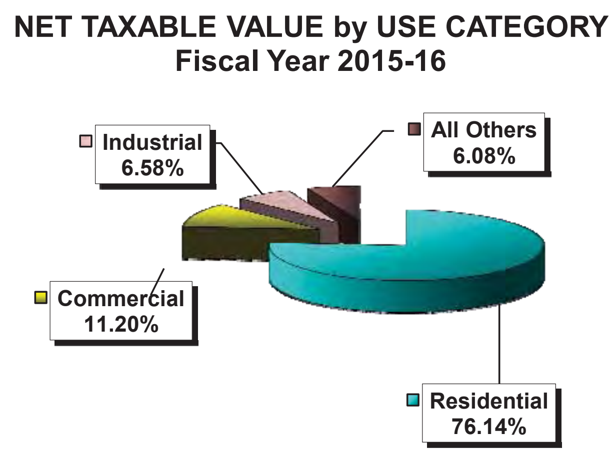
FISCAL YEAR				
10-11	09-10	08-09	07-08	06-07
$ 15,239,936,469	$ 15,094,074,637	$ 16,493,025,013	$ 16,165,919,271	$ 13,962,275,972
2,820,296,027	2,729,669,423	2,541,908,257	2,081,576,763	1,836,340,797
1,463,696,151	1,451,053,867	1,420,480,569	1,293,080,539	1,148,469,489
3,004,749	3,630,743	3,559,558	3,489,768	29,374,674
-	-	-	-	49,088,244
121,791,852	121,511,353	119,459,165	114,868,032	90,435,287
127,363,481	125,868,861	136,418,924	130,907,129	94,705,673
205,173	206,850	201,629	197,676	194,922
841,034	843,038	-	810,312	795,449
308,820,538	636,182,476	664,562,300	664,792,342	656,660,955
4,015,175	3,573,175	1,073,171	8,243,171	10,666,005
136,599,828	150,671,347	158,723,783	239,115,623	222,654,730
887,372,458	944,836,476	871,039,834	790,596,511	730,697,804
-	-	-	-	83,525,492
$ 21,113,942,935	$ 21,262,122,246	$ 22,410,452,203	$ 21,493,597,137	$ 18,915,885,493

Notes: In 1978 the voters of the State of California passed Proposition 13, which limited 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 of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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 limitation just mentioned.

City of Santa Clarita
Assessed Values—Use Category Summary
Fiscal Year 2015-16

CATEGORY	PARCELS	ASSESSED VALUE	PERCENT	EXEMPTIONS	NET TAXABLE VALUE	PERCENT
Residential	55,644	$ 20,861,002,565	75.0%	$ 51,423,453	$ 20,809,579,112	76.14%
Commercial	912	3,115,762,703	11.2%	$ 55,804,070	3,059,958,633	11.20%
Industrial	725	1,802,878,508	6.5%	$ 3,758,766	1,799,119,742	6.58%
Irrigated	6	2,936,120	0.0%	$ -	2,936,120	0.01%
Recreational	34	107,194,763	0.4%	$ 2,870,258	104,324,505	0.38%
Institutional	94	515,971,722	1.9%	$ 353,914,903	162,056,819	0.59%
Government	5	221,627	0.0%	$ 1,269	220,358	0.00%
Miscellaneous	6	348,240	0.0%	$ -	348,240	0.00%
Vacant land	3,721	421,215,373	1.5%	$ 1,464,381	419,750,992	1.54%
SBE Nonunitary	(13)	3,696,751	0.0%	$ -	3,696,751	0.01%
Possessory Int.	(2,202)	117,065,505	0.4%	$ 1,860,503	115,205,002	0.42%
Unsecured	(6,260)	868,950,881	3.1%	$ 15,283,837	853,667,044	3.12%
Unknown	25	20	0.0%	$ -	20	0.00%
TOTALS:	52,697	$ 27,817,244,778	100.00%	$ 486,381,440	$ 27,330,863,338	100.00%

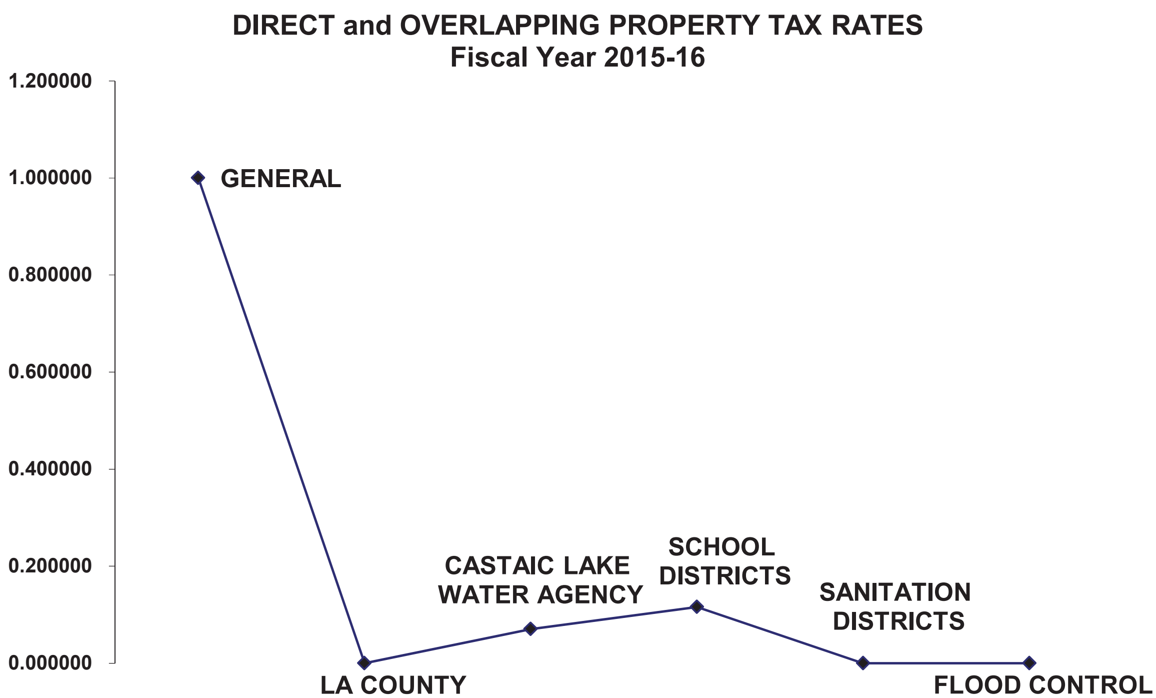




Source: HdL Coren & Cone, Los Angeles County Assessor 2015/16 Combined Tax Rolls.

City of Santa Clarita
Direct and Overlapping Property Tax Rates
(rate per $100 of assessed value)
Last Ten Fiscal Years

Fiscal Year	GENERAL	LOS ANGELES COUNTY	CASTAIC LAKE WATER AGENCY	SCHOOL DISTRICTS	COUNTY SANITATION DISTRICTS	COUNTY FLOOD CONTROL	TOTAL
2006-07	1.000000	0.000660	0.040000	0.060360	-	0.000050	1.101070
2007-08	1.000000	-	0.040000	0.074050	-	-	1.114050
2008-09	1.000000	-	0.040000	0.077110	-	-	1.117110
2009-10	1.000000	-	0.060750	0.089815	-	-	1.150565
2010-11	1.000000	-	0.070600	0.086830	-	-	1.157430
2011-12	1.000000	-	0.070600	0.091457	-	-	1.162057
2012-13	1.000000	-	0.070600	0.112835	-	-	1.183435
2013-14	1.000000	-	0.070600	0.120330	-	-	1.190930
2014-15	1.000000	-	0.070600	0.118570	-	-	1.189170
2015-16	1.000000	-	0.070600	0.116070	-	-	1.186670



Source: HdL Coren & Cone, Los Angeles County Assessor 2015-16 Tax Rate Table

City of Santa Clarita
Direct and Overlapping Property Tax Rates
(rate per $100 of assessed value)
One Year Detail of Rates Producing Revenue for City and Associated Redevelopment Agencies

City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
Roll Year	City Share of 1% per Prop. 13	Debt Rates	Total City Rates	Prop. 13 plus applicable voter-approved debt	
2015-16	**0.122750**	**0.000000**	**0.122750**	**0.00000%**	**0.09169%**

Agency	2014-15
City of Santa Clarita Tax District 1 (249.01)	0.05730
Castaic Lake Water Agency (302.01)	0.05780
Children's Institutional Tuition Fund (400.21)	0.00283
Consolidated Fire Protection District of LA Co. (007.30)	0.16340
County School Service Fund Newhall (581.06)	0.00801
County School Service Hart William S. Hart (757.06)	0.00034
County School Services (400.15)	0.00143
Development Center Handicapped Minor Newhall (581.07)	0.00088
Educational Augmentation Fund Impound (400.01)	0.13380
Educational Revenue Augmentation Fund (ERAF) (400.00)	0.08260
Greater LA Co. Vector Control (061.80)	0.00032
Santa Clarita Library (249.56)	0.02360
LA County Fire - Ffw (007.31)	0.00323
LA County Flood Control Improvement District (030.10)	0.00176
LA County Flood Control Maintenance (030.70)	0.00996
LA County General (001.05)	0.14050
LA County Accum Cap Outlay (001.20)	0.00009
Newhall School District (581.01)	0.08350
Santa Clarita Community College (814.04)	0.03740
Santa Clarita Street Light Maintenance #2 (249.32)	0.02250
Santa Clarita Valley Sanitation Dist. LA Co.	0.02500
Valencia Areawide Landscape T1A S.C.	0.01924
William S. Hart Elementary School Fund (757.07)	0.04290
William S. Hart Union High (757.02)	0.08150
Total Prop. 13 Rate:	**1.00000**
Castaic Lake Water Agency (302.01)	0.07060
Newhall Elementary School District Debt Services 1999 Ser. B (581.53)	0.01920
Newhall Elementary School District Debt Services 1999 Ser. A (581.52)	0.01961
Santa Clarita Community College Debt Services 2001 Ser. 2005 (814.54)	0.00730
Santa Clarita Community College Debt Services 2006 Ser. 2007 (814.55)	0.00694
Santa Clarita Community College Debt Services 2005 Refunding Bonds (81	0.00787
Santa Clarita Community College Debt Services 2001 Ser. 2003 (814.52)	0.00451
Santa Clarita Community College Debt Services 2006 Ser. 2012	0.00151
William S. Hart Un.Hsd Debt Services (757.51)	0.01263
William S. Hart Un.Hsd Debt Services 2008 Ser. B	0.01009
William S. Hart Un.Hsd Debt Services 2008 Ser. C	0.01010
William S. Hart Unified Debt Services 2001 Ser. B (757.52)	0.00811
William S. Hart Unified Debt Services 2008 Ser. A (757.53)	0.00821
Total Tax Rate	0.18667

Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rates area (TRA) by net taxable value. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
The percentages presented in the columns above do not sum across rows. In 1978 California voters passed Proposition 13, which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the 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 any voter-approved bonds.

Source: HdL Coren & Cone, Los Angeles County Assessor 2015/16 Tax Rate Table

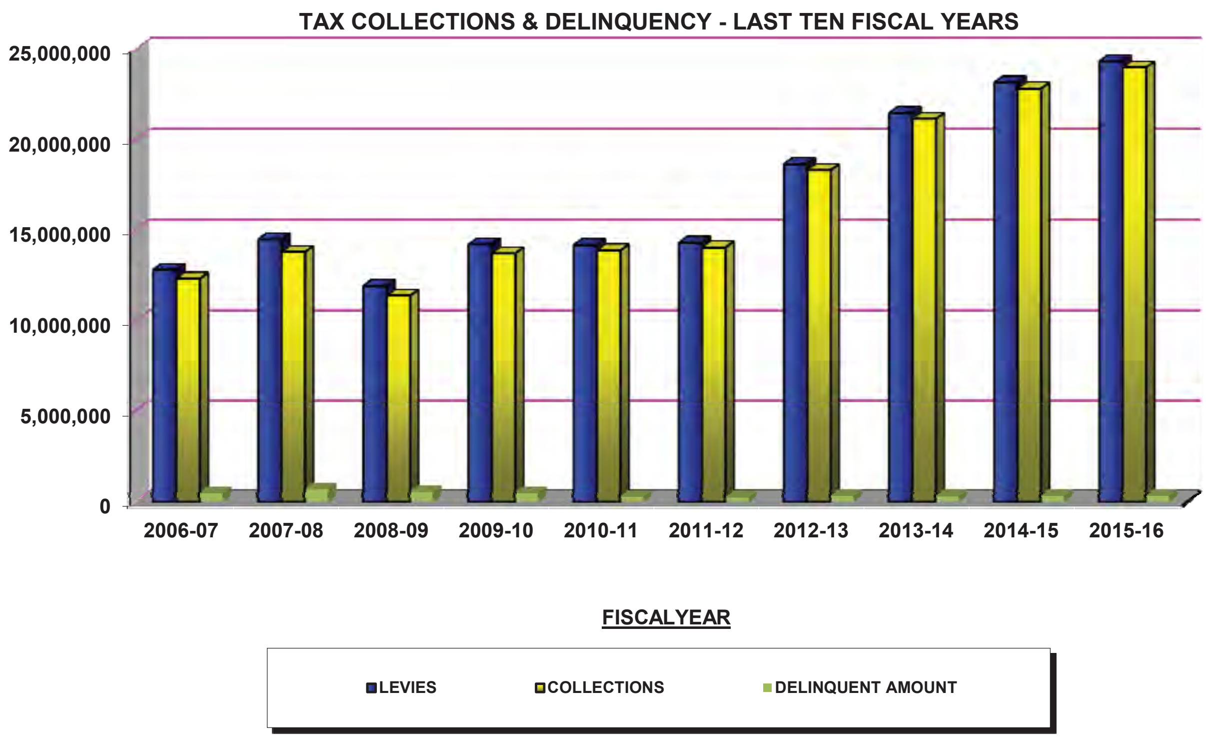
City of Santa Clarita
Principal Property Taxpayers
Current Fiscal Year and Nine Fiscal Years Ago

	FISCAL YEAR 2015-16				FISCAL YEAR 2005-06		
OWNER/TAXPAYER	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE	OWNER/TAXPAYER	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE
Valencia Town Center Venture LP	17	$ 367,936,798	1.35 %	Valencia Town Center Venture	30	$ 272,336,100	1.44 %
Packard Humanities Institute	1	208,435,089	0.76	Prado Town Center West LLC	8	79,879,058	0.42
Saugus Colony Limited	20	144,010,414	0.53	Thomas Properties Group LLC	34	78,813,675	0.42
PFI Valencia LLC	9	138,800,017	0.51	Casden Santa Clarita LLC	25	76,499,959	0.40
Park Sierra Properties	15	135,206,123	0.49	Walmart Real Estate Business	5	63,157,630	0.33
EQR Valencia LLC	218	101,364,875	0.37	Lennar Homes of California Inc	3	60,676,231	0.32
EQR The Oaks LLC	28	99,293,291	0.36	EQR Valencia LLC	217	55,970,730	0.30
Valencia Biomedical Park LLC	5	98,603,931	0.36	EQR Town Center LLC	3	51,689,867	0.27
ARC SLSTCCA001 LLC	4	96,000,000	0.35	Palmer Saugus Limited	22	50,048,598	0.26
RREEF America Reit II Corp	2	80,968,282	0.30	Newhall Land and Farming Co	131	49,778,590	0.26
Total	319	1,470,618,820	5.38 %		478	838,850,438	4.43 %
All Others		25,860,244,518	94.62			18,077,035,055	95.57
Total Assessed Valuation		$ 27,330,863,338	100.00 %			$ 18,915,885,493	100.00 %

NOTE: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

City of Santa Clarita
Property Tax Levies, Tax Collections and Delinquencies
Last Ten Fiscal Years

FISCAL YEAR	TAXES LEVIED	COLLECTIONS	PERCENT COLLECTIONS	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	PERCENT COLLECTIONS TO DATE
2006-07	12,804,630	12,317,614	96.2%	2,689	12,320,303	96.22%
2007-08	14,483,825	13,754,184	95.0%	32,577	13,786,761	95.19%
2008-09	11,925,285	11,361,604	95.3%	16,722	11,378,326	95.41%
2009-10	14,202,626	13,711,940	96.5%	-	13,711,940	96.55%
2010-11	14,172,030	13,829,640	97.6%	50,605	13,880,246	97.94%
2011-12	14,299,999	13,999,770	97.9%	49,862	14,049,633	98.25%
2012-13	18,634,850	18,297,746	98.2%	-	18,297,746	98.19%
2013-14	21,446,963	21,128,332	98.5%	-	21,128,332	98.51%
2014-15	23,131,317	22,795,838	98.5%	-	22,795,838	98.55%
2015-16	24,304,887	23,957,604	98.6%	-	23,957,604	98.57%



NOTES:

Article XIII-A of the Constitution of the State of California, adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

The above figures include secured property taxes only.

Prior to the implementation of GASB 44 in FY 2006, collections in subsequent years were not required to be reported by tax year. Beginning in FY 2007, collections in subsequent years are included.

Source: County of Los Angeles, Department of Auditor-Controller

City of Santa Clarita
Successor Agency
Top Property Owners Based on Net Values
Fiscal Year 2015-16

		Secured			Unsecured			Combined		
	Owner	Parcels	Value	% of Net AV	Parcels	Values	% of Net AV	Value	% of Net AV	**Primary Use**
1	Time Warner Cable				5	$40,927,946	58.86%	$ 40,927,946	6.53%	Unsecured
2	Casden Santa Clarita LLC *(Pending Appeals On Parcels)*	24	$ 20,800,000	3.73%				20,800,000	3.32%	Vacant
3	Saugus Station LLC	6	17,986,112	3.23%				17,986,112	2.87%	Industrial
4	Peter and Barbara Coeler, et. al. *(Pending Appeals On Parcels)*	4	11,768,482	2.11%	1	7,733	0.01%	11,776,215 -	1.88%	Residential
5	Lyons Properties Limited *(Pending Appeals On Parcels)*	1	10,121,667	1.82%				10,121,667	1.61%	Commercial
6	Telfair Corporation *(Pending Appeals On Parcels)*	2	8,709,178	1.56%				8,709,178	1.39%	Commercial
7	David Weiswasser Trust	2	8,123,149	1.46%				8,123,149	1.30%	Residential
8	25805 San Fernando LLC	1	8,082,109	1.45%				8,082,109	1.29%	Commercial
9	RFT Sprouts LLC, et. al.	3	7,736,730	1.39%				7,736,730	1.23%	Residential
10	23801 San Fernando Rd Landco LLC	1	7,305,268	1.31%				7,305,268	1.17%	Institutional
	Top Ten Total	44	$ 100,632,695	18.06%	6	$40,935,679	58.87%	$ 141,568,374	22.59%	
	Agency Total		557,399,484			69,533,688		626,933,172		
	Incremental Net AV Total		$ 311,224,922	32.33%		$51,602,036	79.33%	$ 362,826,958	39.02%	

Source: HdL Coren & Cone

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

City of Santa Clarita
Successor Agency
Project Area Assessment Appeals Summary and Tax Collection History
Fiscal Years 2009-10 Through 2015-16

Project Area Assessment Appeals Summary—FY 2015-16

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. & Value of Appeals Pending	Estimated No. of Appeals Allowed	Estimated Reduction on Pending Appeals Allowed
171	96	80	66%	75 / $303,073,194	80	$ 135,509,040

Tax Collection History
For Fiscal Years 2009-10 Through 2015-16

Year	Tax Levy	Current Year Collection	Prior Year Collection	Total	Current Year Collection Percentage	Total Collection Percentage
2009-10	$ 4,068,572	$ 3,885,719	$ 42,260	$ 3,927,979	96%	97%
2010-11	3,618,835	2,744,263	(204,741)	2,539,523	76%	70%
2011-12 (1)	3,762,457	2,934,904	218,094	3,152,998	78%	84%
2012-13 (2)	3,485,808	2,786,791	275,290	3,062,081	80%	88%
2013-14 (2)	3,526,463	2,828,495	815,124	3,643,619	80%	103%
2014-15 (2)	3,836,835	3,185,967	158,652	3,344,619	83%	87%
2015-16 (2)	3,579,829	3,430,748	518,292	3,704,259	96%	103%

Source: Los Angeles County Auditor/Controller, Disbursement/Tax Division "CRA Remittance Advice" from Fiscal Years 1997-98 through 2010-11, and for Fiscal Year 2011-12, November 2011 through January 2012.

(1) Sources: Ledgers and 2011-12 Revenue & Collection from Year-End Adjsuted Gross TI Collection by CRA reports from Los Angeles County Auditor-Controller.

(2) Sources: Ledgers and special reports from Los Angeles County Auditor-Controller commencing February 2012 pursuant to AB X 1 26.

City of Santa Clarita
Charge Detail Report for CFD 2002-1 (Valencia Town Center)
Fiscal Year 2015-16

ASSESSOR'S PARCEL NUMBER	PROPERTY OWNER	LAND ASSESSED VALUES ($)	STRUCTURE ASSESSED VALUES ($)	TOTAL ASSESSED VALUES ($)	TAXABLE ACREAGE
2861-058-071	Valencia Town Center Venture LP	$ 1,217,797	$ 185,567	$ 1,403,364	0.84
2861-058-072	Valencia Town Center Venture LP	3,375,538	17,548,725	20,924,263	4.81
2861-058-073	Valencia Town Center Venture LP	26,675,721	3,287,195	29,962,916	15.68
2861-058-076	Valencia Town Center Venture LP	849,774	84,398	934,172	1.18
2861-058-077	Valencia Town Center Venture LP	4,588,409	392,469	4,980,878	6.70
2861-058-081	Valencia Town Center Venture LP	15,517,013	164,076,179	179,593,192	14.34
2861-058-084	Valencia Town Center Venture LP	3,201,075	9,278,489	12,479,564	2.05
2861-058-085	Valencia Town Center Venture LP	417,528	208,763	626,291	0.33
	Totals:	$ 55,842,855	$ 195,061,785	$ 250,904,640	45.93

CLASS	MAX TAX RATE ($)	MAX TAX	APPLIED RATE ($)	CHARGE ($)
1	$ 34,931	$ 29,485	$ 25,944	$ 21,899
1	34,931	168,019	25,944	124,790
1	34,931	547,792	25,944	406,852
1	34,931	41,359	25,944	30,718
1	34,931	234,039	25,944	173,824
1&2	34,931.26 & 235,291.52	500,979	25,947	372,084
1	34,931	71,609	25,944	53,185
1	34,931	11,457	25,944	8,510
				$ 1,191,862

City of Santa Clarita
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	GOVERNMENTAL ACTIVITIES								
FISCAL YEAR	**CERTIFICATES OF PARTICIPATION (1) (3)**		**LOANS**	**BONDS (2)**	**PRIVATE PLACEMENT LEASE (5)**	**TAX ALLOCATION BONDS (4)**		**CAPITAL LEASES**	**TOTAL**
2006-07	16,760,000	-	4,328,207	13,785,000	-	-	-	36,401	34,909,608
2007-08	15,790,000	15,525,000	3,593,734	13,575,000	-	29,860,000	8,850,000	23,676	87,217,410
2008-09	14,790,000	15,525,000	2,823,907	13,330,000	-	29,860,000	8,850,000	11,370	85,190,277
2009-10	13,760,000	15,525,000	2,017,793	13,075,000	-	29,460,000	8,730,000	1,624	82,569,417
2010-11	12,700,000	15,525,000	1,413,786	12,805,000	-	29,040,000	8,605,000	-	80,088,786
2011-12	11,610,000	15,490,000	1,040,000	12,525,000	-	-	-	242,417	40,907,417
2012-13	10,480,549	15,379,349	810,000	12,316,280	-	-	-	201,880	39,188,058
2013-14	9,323,138	15,291,374	580,000	12,002,622	-	-	-	154,705	37,351,839
2014-15	8,128,138	15,175,988	300,000	11,673,964	-	-	-	217,615	35,495,705
2015-16	-	-	200,000	26,012,352	6,328,411	-	-	138,877	32,679,640

NOTES:
(1) In 1991 the Santa Clarita Public Financing Authority issued $22,940,000 aggregate principal amount of Local Agency (Redevelopment) Revenue Bonds Series 1991. Simultaneously with the receipt of the Bond proceeds, the Authority acquired $22,940,000 Certificates of Participation issued by the Santa Clarita Redevelopment Agency, of which the proceeds were transferred to the City to finance and/or refinance the design, acquisition, improvement or construction of land, the City Hall Building and certain road improvements, and to refinance certain debt. The Agency leased back the facilities to the City for lease payments to be made by the City to the Authority equal to the principal and interest due on the revenue bonds. At this point in time, the Agency is not active.

-The 1991 Series certificates were later refunded in fiscal year 1997-98 by the Certificates of Participation Series 1997 of $19,670,000. As a result, the 1991 Series certificates are considered to be defeased and the liability for those certificates was removed from the general long-term debt.

-On July 1, 2005, the Santa Clarita Public Financing Authority issued $17,700,000 in Certificates of Participation to advance refund $17,640,000 of outstanding 1997 Series certificates. As a result, the 1997 Series were considered defeased and the liability for those certificates was removed from the long-term liability.

-On July 15, 2015, the Santa Clarita Public Financing Authority entered into a Private Placement Lease agreement for $6,985,000 to refinance the outstanding

2005 Series certificates. As a result, the 2005 Series were considered defeased and the liability for those certificates was removed from the long-term liability.

-In November 2001, the Santa Clarita Public Financing Authority issued $3,200,000 in Certificates of Participation for the acquisition of parkland. In 2006 the COP Series 2001 were considered defeased and the liability for those certificates was removed from the general long-term debt.

(2) On January 16, 2007, the Santa Clarita Public Financing Authority issued $13,785,000 Lease Revenue Bonds (Golden Valley Road), Series 2007 for the acquisition of right-of-way.

- On June 22, 2016, the Santa Clarita Public Financing Authority issued $10,320,000 in Series 2016A Lease Revenue Bonds (Golden Valley Road) to advance refund $11,260,000 of oustanding 2007 Series bonds. As a result, the 2007 Series were considered defeased and the liability for those bonds was removed from the general long-term debt.

-On June 22, 2016, the Santa Clarita Public Financing Authority issued $14,020,000 in Series 2016B Lease Revenue Refunding Bonds (OSPD) to advance refund $15,070,000 of outstanding 2007 Series certificates.

(3) On December 1, 2007, the Santa Clarita Public Financing Authority issued $15,525,000 in Certificates of Participation for the acquisition of open space and parkland.

-On June 22, 2016, the Santa Clarita Public Financing Authority issued $14,020,000 in Series 2016B Lease Revenue Refunding Bonds (OSPD) to advance refund $15,070,000 of outstanding 2007 Series certificates. As a result, the 2007 Series were considered defeased and the liability for those bonds was removed from the general long-term debt.

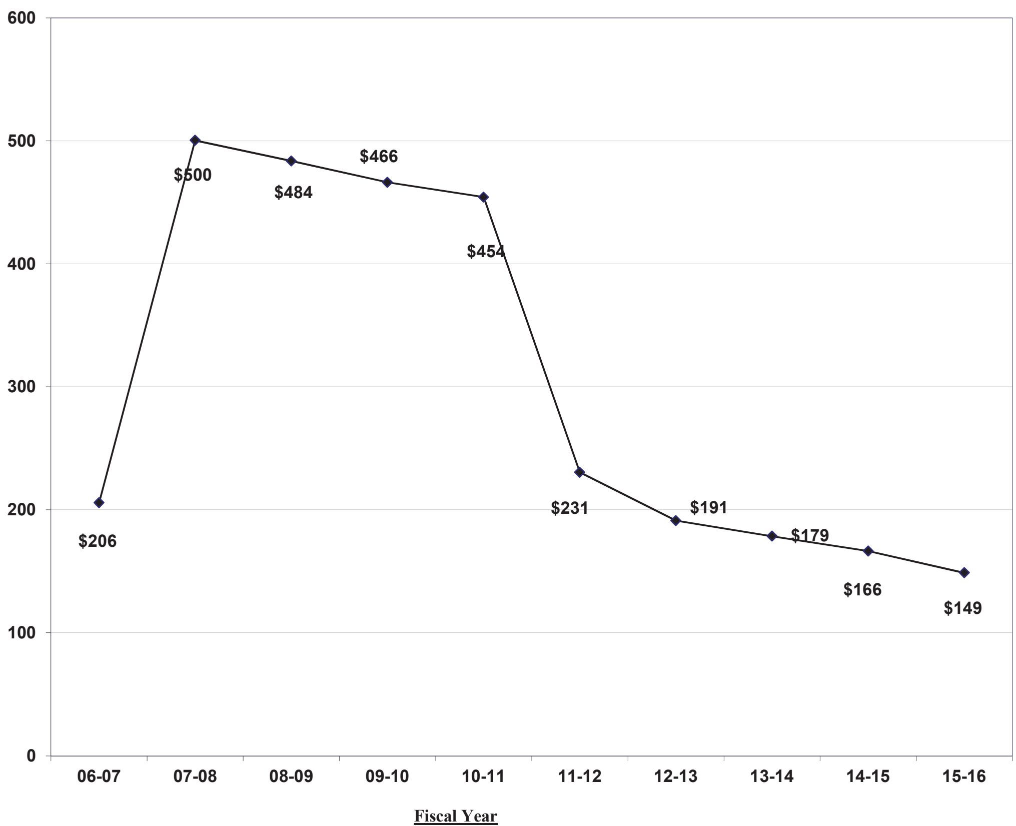
(4) On June 1, 2008, the Santa Clarita Redevelopment Agency issued $29,860,000 in Non-Housing Tax Allocation Bonds and $8,850,000 in Low/Mod Housing Tax Allocations Bonds to fund certain redevelopment projects within the Newhall Redevelopment Project area. Upon the dissolution of redevelopment agencies in the State of California effective February 1, 2012, the bonds were transferred to the RDA Successor Agency.

(5) On July 15, 2015, the Santa Clarita Public Financing Authority entered into a Private Placement Lease agreement for $6,985,000 to refinance the outstanding 2005 Series certificates.

Sources: City of Santa Clarita, Administrative Services Department - Finance Division

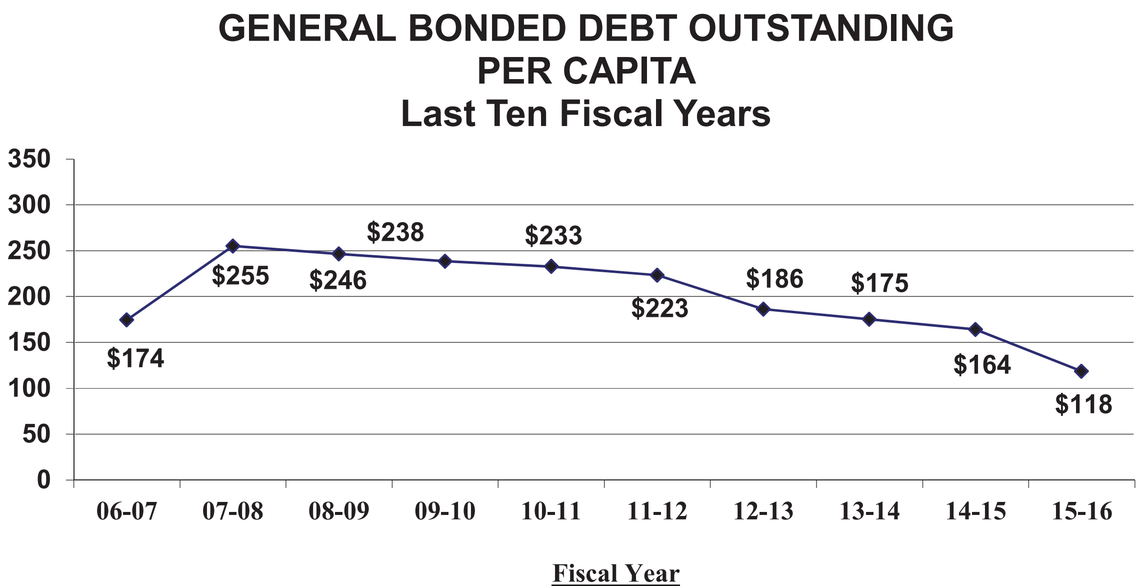
BUSINESS-TYPE ACTIVITIES						
LEASE PAYABLE	TOTAL	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF TAXABLE ASSESSED VALUE	DEBT PER CAPITA	OUTSTANDING DEBT TO PERSONAL INCOME
1,236,869	1,236,869	36,146,477	0.19%	206	3%
870,149	870,149	88,087,559	0.41%	500	6%
485,304	485,304	85,675,581	0.38%	484	5%
248,304	248,304	82,817,721	0.39%	466	5%
-	-	80,088,786	0.38%	454	N/A
-	-	40,907,417	0.19%	231	N/A
-	-	39,188,058	0.19%	191	N/A
-	-	37,351,839	0.15%	179	N/A
-	-	35,495,705	0.14%	166	N/A
-	-	32,679,640	0.12%	149	N/A

OUTSTANDING DEBT PER CAPITA
Last Ten Fiscal Years



City of Santa Clarita
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

	OUTSTANDING GENERAL BONDED DEBT					
FISCAL YEAR	POPULATION (1)	REVENUE BONDS	CERTIFICATES OF PARTICIPATION	TOTAL	PERCENTAGE OF TAXABLE ASSESSED VALUE	DEBT PER CAPITA
2006-07	177,158	13,893,228	16,760,000	30,653,228	0.16%	174
2007-08	177,045	13,575,000	31,315,000	44,890,000	0.21%	255
2008-09	177,150	13,330,000	30,315,000	43,645,000	0.19%	246
2009-10	177,641	13,075,000	29,285,000	42,360,000	0.20%	238
2010-11	176,971	12,805,000	28,225,000	41,030,000	0.19%	233
2011-12	177,445	12,525,000	27,100,000	39,625,000	0.19%	223
2012-13	204,951	12,316,280	25,859,898	38,176,178	0.18%	186
2013-14	209,130	12,002,622	24,614,512	36,617,134	0.15%	175
2014-15	213,231	11,673,964	23,304,126	34,978,090	0.13%	164
2015-16	219,611	26,012,352	-	26,012,352	0.10%	118



Source: (1) State of California, Finance Department

City of Santa Clarita
Direct and Overlapping Tax and Assessment Debt
June 30, 2016

2015-16 Assessed Valuation: $27,330,863,338
(Net of Redevelopment Agency Incremental Value of **$362,826,958**)

2015-16 Population: 219,611

	Total Debt 06/30/2016	Percent Applicable To City [1]	City's Share of Debt 06/30/2016
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	$ 12,630,000	2.188%	$ 276,344
Santa Clarita Community College District	197,467,365	70.938%	$ 140,079,400
William S. Hart Union High School District	367,875,232	70.927%	$ 260,922,866
William S. Hart Union High School District - Community Facilities District No. 87-1	225,000	100.000%	$ 225,000
William S. Hart Union High School District - Community Facilities District No. 90-1	420,000	100.000%	$ 420,000
Los Angeles County Community College and Unified School Districts	14,128,615,000	0.000%	$ 1,413
Castaic Union School District	13,752,053	27.463%	$ 3,776,726
Newhall School District	14,605,000	60.152%	$ 8,785,200
Newhall School District School Facilities Improvement District No. 2011-1	55,992,354	61.317%	$ 34,332,832
Saugus Union School District	32,576,462	83.211%	$ 27,107,200
Saugus Union School District School Facilities Improvement District No. 2011-1	20,000,000	84.359%	$ 16,871,800
Saugus Union School District Community Facilities District No. 2006-2, Improvement Area Nc	7,600,000	100.000%	$ 7,600,000
Saugus Union School District Community Facilities District No. 2006-2, Improvement Area Nc	8,345,000	100.000%	$ 8,345,000
Saugus Union School District Community Facilities District No. 2006-2, Improvement Area Nc	16,445,000	100.000%	$ 16,445,000
Saugus-Hart School District Community Facilities District No. 2000-1	11,015,000	100.000%	$ 11,015,000
Sulphur Springs Union School District	44,057,061	92.153%	$ 40,599,903
Sulphur Springs Union School District Community Facilities District No. 2002-1	33,875,000	100.000%	$ 33,875,000
City of Santa Clarita Open Space and Parkland Assessment District	**14,838,697**	**100.000%**	**$ 14,838,697**
City of Santa Clarita Community Facilities District No. 2002-1	15,420,000	100.000%	$ 15,420,000
City of Santa Clarita 1915 Act Bonds	760,000	100.000%	$ 760,000
Los Angeles County Regional Park and Open Space Assessment District	50,610,000	2.145%	$ 1,085,585
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$ 642,782,965
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	$2,029,010,694	2.145%	$ 43,522,279
Los Angeles County Superintendent of Schools - Certificates of Participation	7,944,360	2.145%	$ 170,407
Los Angeles County Sanitation District No. 32 Authority	16,692,558	72.726%	$ 12,139,830
Santa Clarita Community College District - Certificates of Participation	16,615,000	70.938%	$ 11,786,349
William S. Hart Union High School District - Certificates of Participation	6,000,000	70.927%	$ 4,255,620
Castaic Union School District - Certificates of Participation	3,770,000	27.463%	$ 1,035,355
Saugus Union School District - Certificates of Participation	25,620,000	83.211%	$ 21,318,658
Sulphur Springs Union School District - Certificates of Participation	24,272,492	92.153%	$ 22,367,830
Los Angeles Unified School District - Certificates of Participation	273,805,000	0.00001%	$ 27
City of Santa Clarita Obligations	**17,840,944**	**100.000%**	**$ 17,840,944**
Total Gross Direct and Overlapping General Fund Debt			$ 134,437,298
Less: Los Angeles County General Fund Obligations supported by landfill revenues			98,806
Total Net Direct and Overlapping General Fund Debt			$ 134,338,492
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	34,595,000	100.000%	34,595,000
Total Direct Debt			**$ 32,679,640**
Gross Total Overlapping Debt			793,974,320
Net Total Overlapping Debt			$ 793,875,514
GROSS COMBINED TOTAL DEBT			$ 811,815,263
NET COMBINED TOTAL DEBT			$ 811,716,457

(1) Percentage of overlapping debt applicable to the city is estimated using taxable assed property value. Applicable percentages were estimatec 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
(2) Includes $200,000 CDBG loan, $11,173,655 Series 2016A GVR Lease Revenue Bonds, $6,328,411 Private Placement Lease, and $138,877 capital lease obligations.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:
Direct Debt ($14,838,697)……………………………………………………………………0.05%
Total Overlapping Tax and Assessment Debt……………………………………………...2.35%
Total Direct Dept ($32,679,640)…………………………………………………………0.12%
Gross Combined Total Debt……………………………………………………………...2.97%
Net Combined Total Debt………………………………………………………………...2.97%

Ratios to Redevelopment Successor Agency Incremental Valuation ($362,826,958):
Total Overlapping Tax Increment Debt……………………………………………………..9.53%

Source: MuniServices, LLC

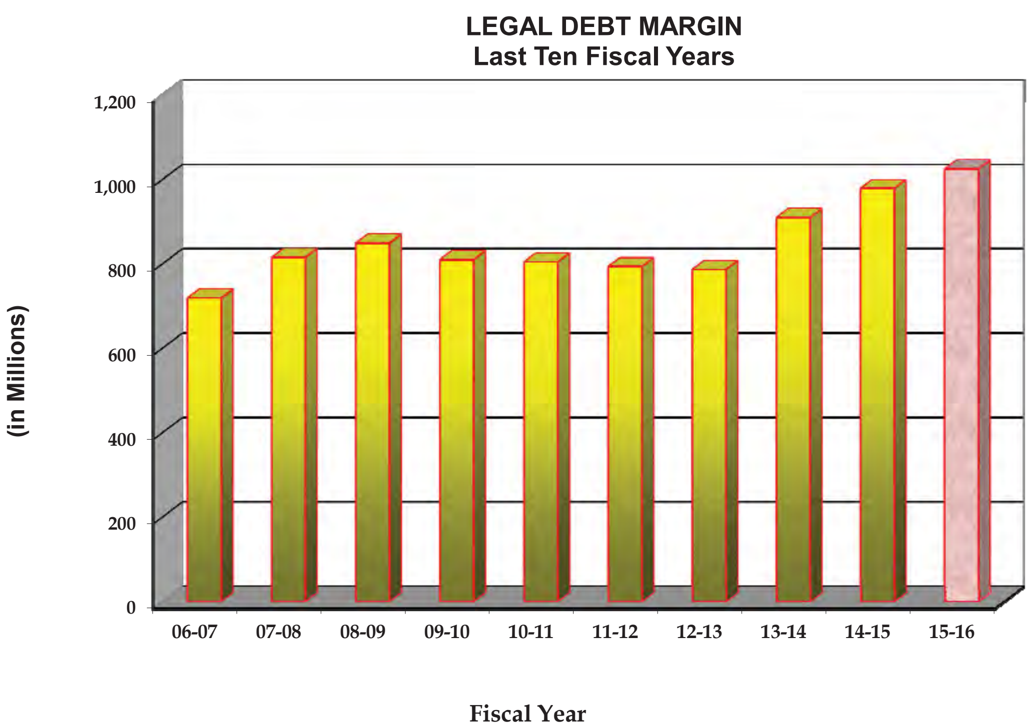
City of Santa Clarita
Legal Debt Margin Information
Last Ten Fiscal Years

	FISCAL YEAR				
	15-16	**14-15**	**13-14**	**12-13**	**11-12**
Assessed valuation	$ 27,330,863,338	$ 26,111,942,635	$ 24,269,472,731	$ 20,985,441,963	$ 21,168,938,632
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	6,832,715,835	6,527,985,659	6,067,368,183	5,246,360,491	5,292,234,658
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,024,907,375	979,197,849	910,105,227	786,954,074	793,835,199
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	$ 1,024,907,375	$ 979,197,849	$ 910,105,227	$ 786,954,074	$ 793,835,199
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Section 43605 of 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% 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 from current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR				
10-11	09-10	08-09	07-08	06-07
$ 21,457,647,247	$ 21,600,880,848	$ 22,647,578,381	$ 21,740,884,855	$ 19,177,126,742
25%	25%	25%	25%	25%
5,364,411,812	5,400,220,212	5,661,894,595	5,435,221,214	4,794,281,686
15%	15%	15%	15%	15%
804,661,772	810,033,032	849,284,189	815,283,182	719,142,253
-	-	-	-	-
$ 804,661,772	$ 810,033,032	$ 849,284,189	$ 815,283,182	$ 719,142,253
0%	0%	0%	0%	0%



City of Santa Clarita
Pledged Revenue Coverage
Last Ten Fiscal Years

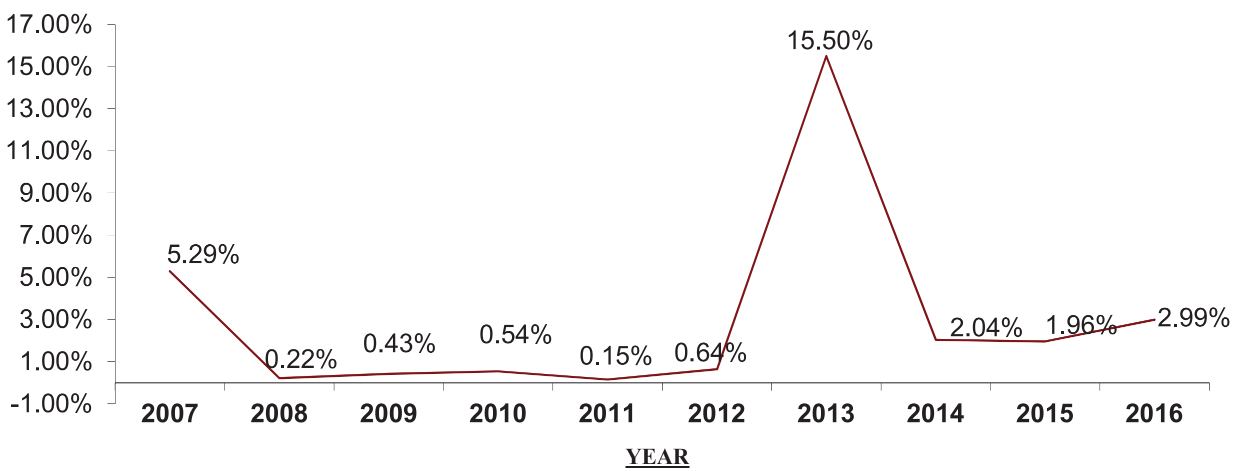
	TRANSIT					
Fiscal Year	TRANSIT REVENUES (1)	LESS OPERATING EXPENSES (2)	NET AVAILABLE REVENUES	DEBT SERVICE Principal	Interest	COVERAGE
2006-07	19,468,288	19,033,240	435,048	349,449	69,388	2.15%
2007-08	24,888,921	22,204,777	2,684,144	366,720	60,298	1.72%
2008-09	26,612,418	23,014,324	3,598,094	384,846	42,172	1.60%
2009-10	21,179,438	23,525,855	(2,346,417)	236,999	23,149	1.23%
2010-11	32,507,582	24,270,533	8,237,048	248,304	11,844	0.80%
2011-12	26,133,433	25,175,688	957,745	-	-	-
2012-13	29,420,486	25,901,822	3,518,664	-	-	-
2013-14	33,298,907	27,044,874	6,254,034	-	-	-
2014-15	24,008,186	28,292,380	(4,284,194)	-	-	-
2015-16	26,853,481	28,327,301	(1,473,820)	-	-	-

NOTE: (1) Includes Other revenues, Transfers in and Capital contributions
(2) Includes Transfers out and Other expenses

City of Santa Clarita
Demographic and Economic Statistics
Last Ten Calendar Years

YEAR	CITY OF SANTA CLARITA POPULATION (1)	AVERAGE ANNUAL PERCENTAGE INCREASE	LOS ANGELES COUNTY POPULATION (1)	AVERAGE ANNUAL PERCENTAGE INCREASE	PER CAPITA PERSONAL INCOME (2)	TOTAL PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)
2007	177,158	5.29%	9,780,808	-0.18%	39,066	402,107,608	2.70%
2008	177,045	0.22%	9,785,474	0.05%	44,727	567,707,000	4.70%
2009	177,150	0.43%	9,801,096	0.16%	43,119	550,832,000	7.70%
2010	177,641	0.54%	9,822,121	0.21%	43,999	565,365,000	7.70%
2011	176,971	0.15%	9,818,605	-0.04%	44,423	575,044,998	7.60%
2012	177,445	0.64%	9,884,632	0.67%	46,337	604,831,837	6.90%
2013	204,951	15.50%	9,958,091	0.74%	48,425	635,891,798	6.60%
2014	209,130	2.04%	10,041,797	0.84%	50,751	673,073,539	4.70%
2015	213,231	1.96%	10,136,559	0.94%	N/A	N/A	6.40%
2016	219,611	2.99%	10,241,335	1.03%	N/A	N/A	4.70%

POPULATION INCREASE
Last Ten Fiscal Years



Sources: (1) State of California, Finance Department, as of 1/1/2016
(2) U.S. Department of Commerce, Bureau of Economic Analysis (BEA)
Personal Income and Unemployment rates are for the regional area, Los Angeles. The City's related information is not available. Information lags two years.
(3) State of California, Department of Employment Development (EDD), July 22, 2016

City of Santa Clarita
Principal Employers
Current Fiscal Year and Nine Fiscal Years Ago

	2016*			2007	
EMPLOYER	**NUMBER of EMPLOYEES**	**PERCENT of TOTAL EMPLOYMENT**	**EMPLOYER**	**NUMBER of EMPLOYEES**	**PERCENT of TOTAL EMPLOYMENT**
Six Flags Magic Mountain	3,200	11.15%	Mountain	2,165	9.18%
Princess Cruises	1,948	6.79%	Princess Cruises	2,100	8.90%
Henry Mayo Newhall Memorial Hospital	1,822	6.35%	Henry Mayo Newhall Memorial Hospital	1,133	4.80%
Quest Diagnostics (formerly Speciality	913	3.18%	HR Textron	845	3.58%
The Master's College	760	2.65%	The Master's College	748	3.17%
Boston Scientific	750	2.61%	Speciality Laboratories	725	3.07%
Woodward HRT (formerly HR Textron)	725	2.53%	Arvato Services	586	2.48%
Aerospace Dynamics	705	2.46%	Cal Arts	500	2.12%
Advanced Bionics	700	2.44%	Aerospace Dynamics	420	1.78%
Cal Arts	690	2.40%	Fanfare Media Works	407	1.73%
Largest firms (1)	12,213	42.55%	**Largest firms** (1)	9,629	40.81%
All others	16,492	57.45%	**All others**	13,963	59.19%
Grand total	**28,705**	**100.00%**	**Grand total**	**23,592**	**100.00%**

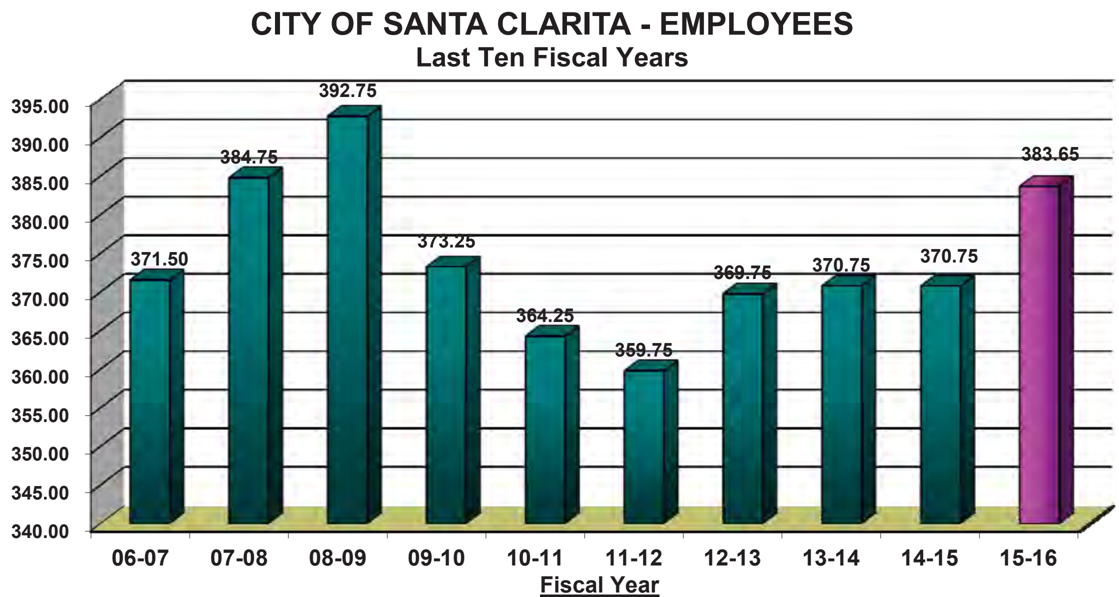
* As of March 2016

NOTE: (1) Non-governmental employers

Source: 2016 Santa Clarita Valley - Real Estate and Economic Outlook, 2007 CAFR

City of Santa Clarita
Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years

	FISCAL YEAR									
Function	**15-16**	**14-15**	**13-14**	**12-13**	**11-12**	**10-11**	**09-10**	**08-09**	**07-08**	**06-07**
General government	91.00	87.60	87.60	89.60	84.35	85.75	89.75	95.75	91.75	86.00
Public safety (1)	-	-	-	-	-	-	-	-	-	-
Public works	131.50	125.00	122.00	129.00	126.00	127.00	128.00	135.50	136.50	133.50
Community developmen	37.00	41.00	41.00	32.00	30.50	33.00	33.00	36.00	35.00	33.00
Parks and Recreation	112.15	111.15	109.15	108.15	105.90	106.50	110.50	111.50	110.50	108.00
Transit	12.00	11.00	11.00	11.00	13.00	12.00	12.00	14.00	11.00	11.00
Totals	383.65	375.75	370.75	369.75	359.75	364.25	373.25	392.75	384.75	371.50



(1) Police and Fire services have been provided by the County

Source: City of Santa Clarita, Administrative Services Department - Finance Division

City of Santa Clarita
Operating Indicators by Function
Last Ten Fiscal Years

	FISCAL YEAR									
Function	**15-16**	**14-15**	**13-14**	**12-13**	**11-12**	**10-11**	**09-10**	**08-09**	**07-08**	**06-07**
Police:										
Parking citations issued [1]	9,035	4,765	4,786	5,726	5,521	6,577	5,114	4,126	5,257	4,587
Parking revenue collected	$ 379,384	$ 320,682	$ 323,040	$ 341,607	$ 335,663	$ 323,408	$ 238,478	$ 235,634	$ 288,076	$ 334,927
Public works:										
Street resurfacing (miles)	15.5	80.0	20.9	18.0	24.0	24.0	33.8	14.0	15.4	15.4
Parks and Recreation:										
Number of recreation classes	2,918	2,189	2,557	2,548	2,106	2,080	2,447	2,284	2,393	2,535
Number of facility rentals (times)	13,390	19,018	14,604	13,000	11,042	10,754	10,239	9,801	9,767	19,645
Transit:										
Number of customers served [2]	3,167,021	3,422,015	3,540,969	3,661,302	3,612,060	3,724,490	3,922,052	4,210,842	3,821,299	3,733,299

NOTE: (1) The City contracts the Los Angeles County Sheriff Department for its police services.
The number of citations issued and money collected are within the City's boundaries.

(2) Number of customers served includes those outside of the City boundaries.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

City of Santa Clarita
Capital Assets Statistics by Function
Last Ten Fiscal Years

	FISCAL YEAR									
Function	**15-16**	**14-15**	**13-14**	**12-13**	**11-12**	**10-11**	**09-10**	**08-09**	**07-08**	**06-07**
Public works:										
Streets (miles)	516	497	496	496	496	496	496	496	496	496
Street lights (1)	17,843	17,843	17,843	17,843	15,081	14,963	14,939	14,739	14,429	14,000
Traffic signals (City Jurisdiction)	180	180	177	177	171	170	166	172	176	166
Traffic signals (Joint Jurisdiction)	5	5	5	5	6	1	6	5	4	4
Parks and recreation:										
Number of parks	32	32	29	29	24	23	20	20	20	19
Community centers	2	2	2	1	1	1	1	1	1	1
Transit:										
Stations	4	4	4	4	4	4	4	4	4	4

(1) All of the above referred streetlights are/were owned and maintained by Edison Company. The Highway Safety Lights (HSL) are the streetlights attached to traffic signals (817) and those are City owned and maintained through a contract with the County. The City took over the streetlights from the County in 1998 and the City Engineering division established the inventory reports since 2001.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA

FOUNDED 15 DECEMBER 1987™

23920 Valencia Boulevard
Suite 300
Santa Clarita, California 91355

santa-clarita.com

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APPENDIX F

FISCAL CONSULTANT'S REPORT

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SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CLARITA

Newhall Redevelopment Project

PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES

January 12, 2017

I. Introduction

On June 29, 2011, the California Legislature and Governor enacted Assembly Bill 1x 26 ("AB 1x 26"), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012, Assembly Bill 1484 ("AB 1484") was signed into law, modifying and supplementing AB 1x 26.

In accordance with Section 34177.5(g) of the California Health and Safety Code, a successor agency's bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and referred to herein as the "Law") that existed prior to that date, shall be included in a successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

The Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the "Successor Agency") is proposing to issue Tax Allocation Refunding Bonds (the "Bonds") to be secured by the pledge of tax revenues, as defined below, generated by the former Newhall Redevelopment Project (the "Project Area") and deposited from time to time in the RPTTF. The Bonds will be used to refund the outstanding Tax Allocation Bonds Series 2008 (Newhall Redevelopment Project Area) (the "2008 Non-Housing Bonds"), and outstanding Housing Set-Aside Tax Allocation Bonds, Series 2008 (the "2008 Housing Bonds") and together with the 2008 Non-Housing Bonds the "Prior Bonds" issued by the former Redevelopment Agency of the City of Santa Clarita (the "Prior Agency").

The Law provided for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorized redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that were in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are, for purposes of this report, referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Tax Increment Revenues combined with Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. For purposes of this report, Tax Revenues are defined as Gross Tax Revenues less the SB 2557 County Administrative charges (see Section IV, County Collection Charges). Net Tax Revenues are defined as Tax Revenues less amounts owed, if any, to taxing entities pursuant to the subordinated statutory tax sharing obligations (see Section VII).

Allocation of tax increment revenue has been significantly altered by the passage of AB1x 26 and AB 1489 by the California Legislature. This legislation has been designed to dissolve redevelopment agencies formed pursuant to the Law while assuring that the enforceable obligations incurred by the former redevelopment agencies are repaid (see Section VI Legislation). While Tax Increment Revenues were previously allocated by the County Auditor-Controller over the period from November through July of each fiscal year, beginning with fiscal year 2012-13, revenues are only allocated on January 2 and June 1 of each year.

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Successor Agency from the Project Area for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the Redevelopment Plan for the Project Area determine the amount of Tax Revenue that the Successor Agency may utilize for purposes of making debt service payments and any payments on other obligations with a superior lien on Tax Revenues (see Section VII, Tax Sharing Agreements and Other Obligations, below). As the result of our research, we project that the Tax Revenues for the Project Area will be as shown in Table A below:

Table A
Project Area Tax Revenue
(000's omitted

Fiscal Year	Gross Tax Revenue	County Admin. Charges	Tax Revenue	Subordinate Statutory Payments: Tier 1	Subordinate Statutory Payments: Tier 2	Net Tax Revenue
2016-17	$3,892	($52)	**$3,840**	($778)	($ 62)	**$2,999**
2017-18	3,567	(47)	**3,519**	(713)	(8)	**2,798**
2018-19	3,681	(49)	**3,632**	(736)	(27)	**2,869**
2019-20	3,797	(50)	**3,747**	(759)	(46)	**2,941**
2020-21	3,916	(52)	**3,864**	(783)	(66)	**3,015**
2021-22	4,037	(54)	**3,984**	(807)	(87)	**3,090**
2022-23	4,161	(55)	**4,106**	(832)	(108)	**3,166**
2023-24	4,287	(57)	**4,230**	(857)	(129)	**3,244**
2024-25	4,416	(59)	**4,357**	(883)	(150)	**3,324**
2025-26	4,547	(60)	**4,487**	(909)	(172)	**3,405**

The taxable values of property and the resulting Tax Revenue for the Project Area summarized above are reflected on Tables 1 and 2 of the projection (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the Los Angeles County Assessor (the "Assessor") and the Los Angeles County Auditor-Controller (the "Auditor-Controller"). Future year assessed values and Tax Revenue are projections based on the assumptions described in this Report and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

The City Council of the City of Santa Clarita (the "City") adopted the redevelopment plan establishing the Project Area by Ordinance No. 97-12 on July 8, 1997. The Project Area is approximately 913.6 acres in size and consists of a single, very irregular area within the City. The Project Area is located between Interstate 5 and State Highway 14 and includes the commercial corridors along Lyons Avenue and San Fernando Road. The Project Area is generally bounded on the west by Interstate 5, on the east by State Highway 14 and on the north by the intersection of San Fernando Road and Magic Mountain Parkway. The Project Area extends approximately four blocks to the east and west of San Fernando Road between its intersection with Lyons Avenue and its intersection with 16th Street. It also includes a large area on the north side of San Fernando Road between its intersections with Lyons Avenue and with Pine Street. Large areas that are beyond the immediate San Fernando Road corridor exist southeast of the intersection with Pine Street and at the intersection with State Highway 14. Several areas that extend beyond the immediate Lyons Avenue corridor exist near the intersection with Valley Street and near the Lyons Avenue intersection with Interstate 5.

A. Land Use

Tables B represents the breakdown of land use in the Project Area by the number of parcels and by assessed value for fiscal year 2016-17. Unsecured and SBE non-unitary values are connected with parcels that are already accounted for in other categories. It should be noted that the Exempt category below includes parcels exempt from property taxes such as those owned by the City, Agency, State or other governmental agencies. Values shown in Table 3 (attached) for the Project Area projections do not include values for such exempt parcels. This information is based on County land use designations as provided by the County.

Table B
Land Use Summary
Fiscal Year 2016-17

Category	No. Parcels	Assessed Value	% of Total
Residential	716	$270,051,116	41.41%
Commercial	212	206,211,786	31.62%
Industrial	39	45,727,691	7.01%
Vacant Land	165	40,277,034	6.18%
Irrigated	1	185,956	0.03%
Recreational	5	2,894,765	0.44%
Institutional	13	9,337,547	1.43%
Exempt	131	0	0.00%
Subtotal:	**1,282**	**$574,685,895**	**88.12%**
Possessory Interest		3,055,821	0.47%
Unsecured		74,419,812	11.41%
Subtotal:		**$77,475,633**	**11.88%**
Totals:	**1,282**	**$652,161,528**	**100.00%**

There is a total of 165 privately held, vacant secured parcels within the Project Area. These parcels account for 210.8 acres. This is 23.07% of the 913.6 total acres within the Project Area. Not all of this acreage may be readily developable.

B. Redevelopment Plan Limits

Chapter 942, Statutes of 1993, established limits on redevelopment plans adopted after December 31, 1993. The redevelopment plan for the Project Area (the "Redevelopment Plan") was adopted after December 31, 1993. Chapter 942 specified that the effectiveness of a redevelopment plan adopted after 1993 shall expire 30 years from the date of adoption of the Redevelopment Plan. The time limit for establishing indebtedness is 20 years from the date of adoption of the redevelopment plan and the Agency may repay indebtedness for a total of 45 years from the date of the adoption of the redevelopment plan. Any eminent domain proceedings undertaken by the Agency must be initiated within 12 years of the adoption date of the redevelopment plan. The City Council adopted the Project Area Redevelopment Plan (the Plan) through Ordinance 97-12 on July 8, 1997 containing the limitations provided in Chapter 942.

Pursuant to Senate Bill 1045 (see Section VI) the City Council was allowed to extend the term of the Redevelopment Plan by one year. On May 13, 2008 the City Council adopted and approved Ordinance No. 08-6 extending the expiration date of the redevelopment plan by one year pursuant to Section 33333.2 of the Law.

Pursuant to Senate Bill 1096 (see Section VI) the City Council was allowed, as described below, to extend the term of effectiveness for certain redevelopment plans and the periods within which the Prior Agency would be allowed to repay indebtedness by up to two additional years. This two-year extension of the time limits was predicated upon the payment by the Prior Agency of its ERAF obligations for 2005 and 2006 (See Section VI). The ERAF obligations for 2005 and for 2006 were paid in a timely manner. For project areas that had less than 10 years of plan effectiveness remaining after June 30, 2005 a two-year extension was authorized. For project areas that had more than 10 years and less than 20 years of plan effectiveness remaining after June 30, 2005 a two-year extension was authorized if the City Council could make certain findings. For those project areas with more than 20 years of plan effectiveness remaining after June 30, 2005 no extension of time was authorized. The Redevelopment Plan could not be extended under Senate Bill 1096.

On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented a number of revisions to the Health and Safety Code including an amendment to Section 34189 that impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of both annual and cumulative tax increment limits and time limits on repayment of indebtedness for all enforceable obligations (as defined under Health and Safety Code Sections 34171(d)(1) and 34191.4), except in cases where contractual agreements that contain specific terms to terminate payment based on a project area reaching its tax increment and/or time limits. The Auditor Controller has informed HdLCC that, in light of the amended Section 34189, the Auditor Controller will not limit the amount of tax increment revenue deposited into the RPTTF due to the time limits or due to the annual tax increment limit contained in the Plan. Pursuant to SB 107, Tax Revenues will continue to be allocated from the Project Area until such time as all authorized enforceable obligations, including the Bonds, have been repaid.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2007-08. Assessed values within the Project Area grew steadily through 2009-10. Due to the impact of general economic stress in California, taxable values in the Project Area declined by -2.43 percent in 2010-11. The Project Area also experienced declines in incremental value of -3.31 percent for 2011-12 and -0.29 per cent for 2012-13. Values increased for 2013-14 by $3.1 million (0.51%) and this was followed by growth of $26.4 million (4.29%) for 2014-15. Values dropped by $16 million (-2.49%) in 2015-16. This drop in value was the result of assessment appeals reductions of land value on 16 vacant parcels owned by Casden Santa Clarita LLC. The total reduction in value on these parcels for 2015-16 totaled $40,106,300 and was, in most cases, a 66% reduction in value relative to 2014-15. The reductions in value on the Casden Santa Clarita LLC parcels were based on Prop 8 assessment appeals and the owner's argument that the enrolled values were greater than the actual market value of the parcels. In future years, the value reductions granted must be restored by the Assessor as the market value of the parcels increases. We have no way to project any timetable for this value recovery. In the event that these parcels are sold, the Assessor is obligated to enroll the values that are consistent with the sales price. Absent these large appeals losses, the remaining parcels in the Project Area grew by $24.1 million, an amount of growth comparable to that of 2014-15. Growth in taxable values in the Project Area from 2007-08 to 2016-17 was $37.1 million (6.03%).

Taxable values in the Project Area is primarily residential and commercial with residential property values making up 41.41% of all value and commercial uses accounting for 31.62%. Another 7.01% of taxable value is based on industrial land uses and 6.18% of the Project Area's value is in vacant land. Unsecured values account for 11.41% of all taxable values.

The Project Area taxable value reached a peak in fiscal year 2009-10 prior to experiencing reductions in value during the economic downturn. As of fiscal year 2016-17 assessed values within the Project Area are at their highest historic values of $652.2 million, slightly higher than the peak value of 2009-10. For 2016-17 there are only 46 residential properties that have values that were reduced in pursuant to Proposition 8 (Prop 8) and that have not been sold or fully restored to their inflation adjusted base values. Proposition 8 amended the Revenue and Taxable 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 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 Prop 8 is sold, its value is reset based upon the sales price and this new value is no longer subject to annual revaluation under Prop 8.

The 46 single family residential properties in the Project Area that are still enrolled at reduced values are enrolled at values that are a combined $5.0 million below the inflation adjusted base value for these properties. For 2016-17, there were 20 Prop 8 reduced properties that recovered $558,217 in taxable value. Residential property sales for the full calendar year 2015 totaled 13 in the Project Area and reflected an increase in median sales price of 19.71% above sales for calendar year 2014. Sales of residential property through July, 2016 reflect a decrease of -9.21% in median sales prices based on only 8 sales. The current median sales price is $369,500. Through July, 2016, the median price of single family homes within the Project Area is currently 12.02% below the peak median price of $420,000 in 2007.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2016-17 was conducted and broken down by secured and unsecured value. Within the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled $136,085,581. This amount is 35.075% of the $388,055,314 Project Area incremental value. The top taxpayer in the Project Area is Time Warner Cable which controls 3 unsecured assessments with a combined value of $43.04 million. This taxpayer's property accounts for 11.09% of the Project Area incremental value and consists of telecommunications facilities. Saugus Station LLC, which controls 6 secured parcels with a combined amount of $18,260,394 is the second largest taxpayer in the Project Area. Saugus Station LLC owns properties containing industrial and warehousing buildings. The value of this taxpayer's parcels is 4.71% of the Project Area total incremental value. Table C below illustrates the percentage of incremental value for the top ten taxpayers in the Project Area and their relative importance to the Project Area's incremental value.

Table C
Project Area Top Ten Taxpayers
Fiscal Year 2016-17

Property Owner	Combined Value	% of Total Value	% of Inc. Value	Property Use
Time Warner Cable (2)	$43,041,370	6.60%	11.09%	Cable Television/Internet Facilities
Saugus Station LLC	18,260,394	2.80%	4.71%	Industrial & Warehousing Buildings
Casden Santa Clarita LLC (1)	16,904,000	2.59%	4.36%	Vacant Industrial/Commercial Land
Lyons Properties Limited (1)	10,276,022	1.58%	2.65%	Santa Clarita Medical Center - Offices
Telfair Corporation (1)	8,841,991	1.36%	2.28%	Retail Strip Center
David Weiswasser Trust	8,247,025	1.26%	2.13%	Mulberry Mobile Home Park
25805 San Fernando LLC	8,205,360	1.26%	2.11%	Plaza Clarita – Mixed Use Commercial
RFT Sprouts LLC et al	7,854,588	1.20%	2.02%	Walnut Village Apartments
23801 San Fernando Road LandCo LLC	7,416,673	1.14%	1.91%	Santa Clarita Convalescent Hospital
Peter & Barbara Coeler et al (1)	7,038,158	1.08%	1.81%	Villa La Paz Apartments/Offices
Top Property Owner Total Value	**$136,085,581**			
Project Area Assessed Value	**$652,161,528**	**20.87%**		
Project Area Incremental Value	**$388,055,314**		**35.07%**	

(1) These taxpayers have pending assessment appeals on parcels owned (see Section IV F).
(2) Combined Values include unsecured values.

The values indicated for Time Warner Cable are for the combined value of the company's underground cable and internet facilities within the City of Santa Clarita. The practice of the Assessor, and all assessor's in the State, is to aggregate these values and assign the unsecured values to single secured parcel within the City. The values for Time Warner Cable and its predecessor cable companies have been assigned to this parcel in the Project Area since its adoption.

Properties owned by Casden Santa Clarita LLC have declined in value by $61.1 million (-78.34%) since 2008-09. These vacant parcels constitute a major part of the City's effort to develop the North Newhall Specific Plan. Ultimate development of the Casden properties will be dictated by the terms of the specific plan once it is adopted. It is anticipated that the specific plan will envision some combination of commercial, industrial and residential uses. The owner of the Casden parcels was delinquent in payment of property taxes in 2013-14 and in 2015-16. According to the Tax Collector all parcels are now current on their property taxes. The City Staff is aware of changes that may be occurring in the ownership of the Casden Santa Clarita LLC partnership but any such changes have not been reflected in any recorded transfers of ownership on the parcels

IV. Tax Allocation and Disbursement

A. Property Taxes

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 reassessment for other reasons. 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 that 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 Areas. 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 fiscal year 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 reduction 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 and ten prior fiscal years.

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2006-07	2.000%
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%
2017-18	2.000%

On December 13, 2016, the Board determined that the inflationary adjustment for fiscal year 2017-18 will be 2.00%. For purposes of the projection we have assumed that the inflation adjustment factor for fiscal year 2018-19 and future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 32 of the 41 years since the adoption of Proposition 13.

B. 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. We have **not** included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable value and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time.

Section 34183(a)(1) of the Law as amended by AB1x 26 requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This has been interpreted by the County to include none of the revenues resulting from all over-ride tax rates that were previously being allocated to redevelopment agencies based on their determination that these tax rates are not being levied for repayment of indebtedness for acquisition or improvement of real property. As a result, the tax increment revenues being deposited into the RPTTF include all revenues derived from the general levy tax rate and all revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies.

The Castaic Lake Water Agency levies an override tax rate that received voter approval prior to January 1, 1989. The Castaic Lake Water Agency is a State Water Contractor as defined in Section 33607.8 of the Law and the revenue from the Water Agency's override rate is used to purchase water from the California Water Project. Prior to the dissolution of redevelopment agencies, revenue derived from this override tax rate is received by the Agency but was subject to being passed through to the Water Agency pursuant to Section V, subsection B of the Redevelopment Plan.

SB 107 was recently approved and it has amended a number of the provisions of AB1x 26 and AB 1484. With regard to debt service override tax rates levied for pension fund programs and state water contracts, the revenue generated from these tax rates, including that revenue generated by the Castaic Lake Water Agency state water contract override tax rate, is no longer allocated to the Successor Agencies unless these revenues have been pledged to the payment of debt service on bonds. Any debt service override tax rate revenues that have been pledged to debt service but are not needed to make the debt service payments on the bonds will be allocated directly to the entities that have levied the override tax rate. Because these revenues were, by the terms of the Redevelopment Plan, not available for use in paying debt service, these amounts were not pledged to the payment of debt service.

The Project Area contains a total of 69 Tax Rate Areas (TRAs). A Tax Rate Area is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that over-ride tax rate. The tax increment projections are based only on the 1% general levy tax rate. School Districts within the Project Area levy over-ride tax rates that were approved by voters after January 1, 1989. Revenue from these tax rates are paid directly to the districts by the Auditor-Controller and have no effect on the revenues of the Successor Agency.

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to dissolution of redevelopment agencies, the County disbursed secured tax increment revenue to all redevelopment agencies from November through August with approximately 35% of secured revenues apportioned by the end of December and a total of 75% of the secured revenues by the end of the following April. Unsecured revenues are disbursed from October through August of each fiscal year with approximately 95% of the unsecured revenues being apportioned in October. The Los Angeles County Auditor-Controller apportions tax increment revenue based on collections and **does not** utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by Los Angeles County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the Prior Agency.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the Prior Agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS was to be submitted at least 90 days prior to each RPTTF allocation date and approved by the Successor Agency's Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS had to receive approval from the State Department of Finance (the "DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all. This process was revised by the passage of SB 107 so that a single ROPS document is approved by the Successor Agency and the Oversight Board by February 1 of each year and submitted to the DOF. This single ROPS form includes the payment obligations for both the next June RPTTF allocation for payments to be made from July 1 through December 31 and the next January RPTTF allocation for payments to be made from January 1 through June 30.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the Prior Agency. This amount is set by ABx1 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

As a result of passage of SB 107, commencing July 1, 2016 the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and City loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to taxing entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as the result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations)

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The Los Angeles County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Collection rates for the Project Area have been relatively consistent with collection rates experienced throughout the County. Calculation of collection rates after 2010-11 may be impacted by revised reporting by the County Auditor-Controller that occurred as a result of the dissolution of redevelopment agencies. The following table illustrates the final tax revenue collections for the most recent seven full years of tax increment collections.

Table D
Project Area Property Tax Collections History

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Current Year Collection %	Prior Year Collections[1]	Total Apportioned	Total Collection %
2008-09	3,978,489	3,773,188	94.84%	229,455	4,002,642	100.61%
2009-10	4,068,572	3,885,719	95.51%	42,260	3,927,979	96.54%
2010-11	3,618,835	2,744,263	75.83%	(204,741)	2,539,523	70.18%
2011-12	3,762,457	2,867,475	76.21%	116,381	2,983,855	79.31%
2012-13	3,485,808	2,786,791	79.95%	342,729	3,129,519	89.78%
2013-14	3,526,463	2,828,495	80.21%	835,488	3,663,983	103.90%
2014-15	3,836,835	3,185,967	83.04%	341,817	3,527,784	91.95%
2015-16	3,579,829	3,430,748	95.84%	518,292	3,704,259	103.48%

Source: Los Angeles County Auditor-Controller's Office.

F. Assessment Appeals

Assessment appeals data from Los Angeles County has been reviewed to determine the potential impact that pending appeals may have on the projected Tax Revenues. We have determined that there are 124 pending appeals within the Project Area. To estimate the potential reduction in assessed value that may occur as a result of these pending appeals, we have reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. We have 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 the result of these pending appeals.

Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. Casden Santa Clarita LLC, Lyons Properties Limited, Telfair Corporation and Peter & Barbara Coeler all have assessment appeals pending.

Table E
Pending Assessment Appeals Among Top Ten Taxpayers

Taxpayer	FY of Appeal	No. Of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Max. Potential Value Reduction
Casden Santa Clarita LLC	2014-15	18	$50,196,814	$16,254,027	$33,942,787
	2015-16	18	$16,904,000	$ 8,128,000	$ 8,776,000
	2016-17	18	$16,904,000	$ 7,317,000	$ 9,587,000
Lyons Properties Limited	2014-15	1	$ 9,923,399	$ 5,460,000	$ 4,463,399
	2015-16	1	$10,121,667	$ 5,954,000	$ 4,167,667
	2016-17	1	$10,276,022	$ 6,073,000	$ 4,203,022
Telfair Corporation	2014-15	2	$ 8,538,579	$ 5,264,425	$ 3,274,154
	2015-16	2	8,709,178	$ 4,785,840	$ 3,923,338
Peter & Barbara Coeler	2015-16	1	$ 3,735,781	$ 0	$ 3,735,781
	2016-17	1	1,468,721	$ 0	$ 1,468,721

The estimated impact of value losses resulting from these pending appeals has been incorporated into the projected revenues of the Project Area.

[1] Prior Year Collections include Supplemental Revenue, reductions for taxpayer refunds and revenue from prior years.

The following table shows the amount of assessed value that is presently under appeal within the Project Area and the estimated reduction of value that has been factored into the projections for 2017-18. The assessment appeals data below reflects appeals filed for fiscal years 2010-11 through 2016-17.

Table F
Estimated Assessment Appeals Loss for FY 2017-18

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. & Value of Appeals Pending	Est. No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2017-18 Value Adjustment)
202	102	85	65.08%	46 ($114,405,766)	38	$62,045,605

G. County Collection Charges

Chapter 466 (SB 2557) allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. For fiscal year 2015-16, the County collection charges were 1.33% of Gross Revenue within the Project Area. Based on the collection charges for 2015-16, we have projected the charge for 2016-17 and future years as a percentage of Gross Revenue to remain at 1.33%. For purposes of these projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will increase proportionally with any increases in revenue. This collection charge has been projected and included within the calculation of Tax Revenue.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a project area, therefore, the base year values of project areas have been reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated an aggregate total of $11,168 of unitary tax revenue to the Project Area for 2015-16. For purposes of this projection, we have assumed that the aggregate amount of unitary revenue for 2015-16 will continue to be allocated to the Project Area in the same amount for the life of the projection.

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of AB1x 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area.

VI. Legislation Affecting Tax Revenues

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Prior Agency could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. From 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the 2002-03 State Budget required a shift of $75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit. The passage of SB 107 has clarified that these redevelopment plan time limits are no longer applicable to the Successor Agency's enforceable obligations generally. See the discussion in the last paragraph of Section II – Redevelopment Plan Limits.

After the State's budget for 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of $250 million to ERAF for fiscal year 2004-05 and for 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus exists. The PriorAgency did **not** borrow from the Housing Fund as authorized in order to make the required payments for ERAF. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July, 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), $1.7 billion in fiscal year 2009-10 and were required to pay another $350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May, 2010 and May, 2011, respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016, respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual residual revenues that are above the residual revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Agency established pursuant to AB 1x 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in residual revenue. As a result, the repayment of these amounts will have no impact on the Successor Agency's ability to repay indebtedness. The Prior Agency did not borrow from the Housing Fund to make the required SERAF payments.

AB 1x 26 and AB 1x 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2011, the Supreme Court ruled that AB 1x 27 was unconstitutional and that AB 1x 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of AB 1x 26 based on experience after its implementation.

Once the obligations of the Prior Agency are recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the semiannual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the Prior Agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. After 2018, there will be a single Oversight Board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

The legislature has recently approved SB 107. Among the changes to the dissolution statutes that were included in SB 107 was an amendment to Health and Safety Code Section 34189(a). This amendment makes it clear that the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas are no longer applicable to the Successor Agency's receipt of tax increment revenue for payment of enforceable obligations (as defined under Health and Safety Code Sections 34171(d)(1) and 34191.4). Section 34189(a) provides, however, that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached. It doesn't appear that the Successor Agency's ability to make payments on its enforceable obligations will be affected by this change to the law.

Numerous lawsuits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections could be impacted as a result of future court decisions.

VII. Tax Sharing Agreements and Other Obligations

As required by the Law as modified by AB 1x 26 and AB 1484, the County Auditor-Controller is responsible for administering all pass through payment calculations and payments. AB 1484 further requires that the calculation of pass through amounts be done as it was done prior to January 1, 2011. This means that where the payments are based on revenue reduced for the Housing Set-Aside Requirement, this reduction is to continue despite the fact that the Housing Set-Aside is no longer required. Based upon the flow of funds required after the dissolution of redevelopment agencies the payment of debt service on the Bonds, all tax sharing obligations are paid prior to the distribution of Tax Revenues to the Successor Agency for payment of debt service on the Bonds.

Statutory Tax Sharing Payments

The Project Area was adopted after January 1, 1994 and is therefore, subject to the Law as it was amended by passage of AB 1290. As amended, the Law requires that for project areas adopted after January 1, 1994, a prescribed portion of tax increment revenue must be shared with all taxing entities within the project area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the project area received tax increment revenue and continues for the life of the project area. This first tier tax-sharing amount is 25 percent of gross tax increment revenue net of the Housing Set-Aside Revenues.

The second tier began in 2008-09, the eleventh year after the Prior Agency first received tax increment revenue. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Revenues, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten.

The third tier payments will begin in 2030-31, the 31st year after the PriorAgency first received tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Revenues that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area. Because the tax sharing amounts are net of the Housing Set-Aside Revenues, making these tax sharing payments should have no impact on the amount of tax increment revenue available to pay debt service on the Bonds.

Subordination of Statutory Tax Sharing Payments

Section 33607.5(e) of the Law as it existed prior to the dissolution of redevelopment and Section 34177.5(c) of the Law as amended by the dissolution legislation specifies a procedure whereby the Successor Agency may request subordination of the statutory tax sharing payments to payment of debt service on the Bonds by all of the Project Area's taxing entities. As part of this request, the Successor Agency must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Bonds as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Agency's financial estimates are incorrect and that the Agency will not be able to make debt service and the tax sharing payments. It is the Agency's belief that sufficient evidence can be provided to warrant subordination of the tax sharing payments and that no later than 45 days from receipt of the notice by the taxing entities, the tax sharing payments will be subordinate to the payment of debt service on the Bonds. Subordination of the statutory tax sharing payments has been requested pursuant to Section 34177.5(c) and is expected to be achieved prior to the closing of the Bonds.

Tax Sharing Payments to Castaic Lake Water Agency

Section 33607.8 of the Law provides that notwithstanding the tax sharing requirements outlined above, the Agency may make payments to a taxing entity that is a state water supply contractor. These payments may not exceed the amounts that the taxing entity would have received from an override tax approved by voters prior to July 1, 1978 absent the existence of the Project Area. In addition, the payments made shall be made for the purpose of funding the payments of the state water supply contractor pursuant to its water supply contract with the Department of Water Resources. The section further stipulates that payments made to the water supply contractor were not to cause any reduction in the statutory tax sharing amounts that are required to be paid to the other taxing entities. The Castaic Lake Water Agency requested and the Agency agreed to make such payments. Because the Castaic Water Agency's revenue from this state water contract tax rate are no longer allocated to the RPTTF, no payments relative to these revenues are required or made.

VIII. Transfers of Ownership

During 2016, after the lien date for fiscal year 2016-17, within the Project Area, there were 32 transfers of real property ownership where the sales price can be confirmed. These transfers of ownership represent a combined increase of $18.7 million in assessed value that is expected to be added to the tax rolls for 2017-18. New development continues to occur within the Project Area but no additional value has been included in the projections of Tax Revenues for new construction.

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but ten years since 1981. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%), and 2016-17 (1.525%). The 2% annual inflationary growth has been announced for 2017-18 and we have assumed that it will continue in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

City of Santa Clarita Successor Agency
Newhall Redevelopment Project
Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)
Table 1

1/12/2017

Taxable Values (1)		**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Real Property (2)		603,614	571,113	582,535	594,186	606,070	618,191	630,555	643,166	656,029	669,150
Personal Property (3)		48,547	48,547	48,547	48,547	48,547	48,547	48,547	48,547	48,547	48,547
Total Projected Value		**652,162**	**619,660**	**631,082**	**642,733**	**654,617**	**666,738**	**679,102**	**691,713**	**704,576**	**717,697**
Taxable Value over Base	**264,106**	**388,055**	**355,554**	**366,976**	**378,627**	**390,511**	**402,632**	**414,996**	**427,607**	**440,470**	**453,591**
Gross Tax Increment Revenue (4)		3,881	3,556	3,670	3,786	3,905	4,026	4,150	4,276	4,405	4,536
Unitary Tax Revenue		11	11	11	11	11	11	11	11	11	11
Gross Revenues		**3,892**	**3,567**	**3,681**	**3,797**	**3,916**	**4,037**	**4,161**	**4,287**	**4,416**	**4,547**
LESS:											
SB 2557 Admin. Fee (5)		(52)	(47)	(49)	(50)	(52)	(54)	(55)	(57)	(59)	(60)
Tax Revenues		**3,840**	**3,519**	**3,632**	**3,747**	**3,864**	**3,984**	**4,106**	**4,230**	**4,357**	**4,487**
Subordinate Tax Sharing:											
All Taxing Entities Statutory Payments Tier 1		(778)	(713)	(736)	(759)	(783)	(807)	(832)	(857)	(883)	(909)
All Taxing Entities Statutory Payments Tier 2		(62)	(8)	(27)	(46)	(66)	(87)	(108)	(129)	(150)	(172)
All Taxing Entities Statutory Payments Tier 3		0	0	0	0	0	0	0	0	0	0
Net Tax Revenues		**2,999**	**2,798**	**2,869**	**2,941**	**3,015**	**3,090**	**3,166**	**3,244**	**3,324**	**3,405**

(1) Taxable values as reported by Los Angeles County
(2) Real property consists of land and improvements. Real property values for 2017-18 are increased for 32 transfers of ownership in the amount of $18,712,862 and decreased for losses due to appeals by $62,045,605. Values are adjusted for inflation at 2.0% for 2017-18 and at 2% annually thereafter.
(3) Personal property is held constant at 2016-17 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) L.A. County Administrative fee is estimated at 1.33% of Gross Revenue.
(6) All Taxing Entities receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. After year 30, Taxing Entities also receive 14% of tax revenue on incremental value above the year 30 value net of Housing Set-Aside.

City of Santa Clarita Successor Agency
Newhall Redevelopment Project
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2

01/12/17

		Total Taxable Value	Taxable Value Over Base 264,106	Gross Tax Revenue	County Admin. Charges	Tax Revenues	Statutory Tax Sharing Payments Tier 1	Tier 2	Tier 3	Net Tax Revenues
1	2016-17	652,162	388,055	**3,892**	(52)	**3,840**	(778)	(62)	0	**2,999**
2	2017-18	619,660	355,554	**3,567**	(47)	**3,519**	(713)	(8)	0	**2,798**
3	2018-19	631,082	366,976	**3,681**	(49)	**3,632**	(736)	(27)	0	**2,869**
4	2019-20	642,733	378,627	**3,797**	(50)	**3,747**	(759)	(46)	0	**2,941**
5	2020-21	654,617	390,511	**3,916**	(52)	**3,864**	(783)	(66)	0	**3,015**
6	2021-22	666,738	402,632	**4,037**	(54)	**3,984**	(807)	(87)	0	**3,090**
7	2022-23	679,102	414,996	**4,161**	(55)	**4,106**	(832)	(108)	0	**3,166**
8	2023-24	691,713	427,607	**4,287**	(57)	**4,230**	(857)	(129)	0	**3,244**
9	2024-25	704,576	440,470	**4,416**	(59)	**4,357**	(883)	(150)	0	**3,324**
10	2025-26	717,697	453,591	**4,547**	(60)	**4,487**	(909)	(172)	0	**3,405**
11	2026-27	731,080	466,974	**4,681**	(62)	**4,619**	(936)	(195)	0	**3,488**
12	2027-28	744,731	480,625	**4,817**	(64)	**4,754**	(963)	(218)	0	**3,572**
13	2028-29	758,654	494,548	**4,957**	(66)	**4,891**	(991)	(241)	0	**3,658**
14	2029-30	772,857	508,750	**5,099**	(68)	**5,031**	(1,020)	(265)	0	**3,746**
15	2030-31	787,343	523,237	**5,244**	(70)	**5,174**	(1,049)	(289)	(16)	**3,820**
16	2031-32	802,119	538,012	**5,391**	(71)	**5,320**	(1,078)	(314)	(33)	**3,895**
17	2032-33	817,190	553,084	**5,542**	(73)	**5,469**	(1,108)	(340)	(50)	**3,971**
18	2033-34	832,563	568,457	**5,696**	(75)	**5,620**	(1,139)	(365)	(67)	**4,049**
19	2034-35	848,243	584,137	**5,853**	(78)	**5,775**	(1,171)	(392)	(84)	**4,128**
20	2035-36	864,237	600,131	**6,012**	(80)	**5,933**	(1,202)	(419)	(102)	**4,209**
21	2036-37	880,551	616,445	**6,176**	(82)	**6,094**	(1,235)	(446)	(121)	**4,292**
22	2037-38	897,191	633,085	**6,342**	(84)	**6,258**	(1,268)	(474)	(139)	**4,376**
23	2038-39	914,164	650,058	**6,512**	(86)	**6,425**	(1,302)	(502)	(158)	**4,462**
24	2039-40	931,476	667,370	**6,685**	(89)	**6,596**	(1,337)	(532)	(178)	**4,550**
25	2040-41	949,135	685,029	**6,861**	(91)	**6,771**	(1,372)	(561)	(197)	**4,640**
26	2041-42	967,147	703,040	**7,042**	(93)	**6,948**	(1,408)	(591)	(218)	**4,731**
27	2042-43	985,519	721,412	**7,225**	(96)	**7,130**	(1,445)	(622)	(238)	**4,824**
				140,436	(1,861)	**138,574**	(28,087)	(7,623)	(1,601)	**101,263**

City of Santa Clarita Successor Agency
Newhall Redevelopment Project
HISTORICAL ASSESSED VALUES (1)
Table 3

01/12/17

Secured (2)	Base Year 1996-97	2007-08	2008-09	Revised Base Year (2009-10)	2009-10	Revised Base Year (2010-11)	2010-11	Revised Base Year (2011-12)	2011-12	Revised Base Year (2012-13)	2012-13	Revised Base Year (2013-14)	2013-14	2014-15	2015-16	2016-17
Land	120,671,193	335,974,647	349,186,180	120,464,527	348,100,511	120,345,046	343,043,150	119,975,436	319,869,014	119,213,240	322,803,745	119,175,032	327,858,620	344,185,541	314,440,384	326,414,902
Improvements	126,203,945	205,086,767	214,401,053	125,963,531	217,393,278	125,746,722	214,695,279	125,552,918	213,093,295	125,450,197	214,686,716	125,431,865	224,158,005	235,296,919	248,411,443	261,321,551
Personal Property	3,392,830	2,346,546	2,243,311	3,392,830	2,064,527	3,392,830	1,775,246	3,392,830	1,850,279	3,392,830	1,933,165	3,392,830	1,935,296	1,834,594	1,800,473	1,805,385
Exemptions	(1,848,103)	(4,630,171)	(4,839,522)	(1,844,935)	(3,754,719)	(1,843,101)	(3,779,814)	(1,837,435)	(3,196,475)	(1,825,751)	(7,016,751)	(1,825,165)	(8,905,512)	(8,950,743)	(7,252,816)	(11,800,122)
Total Secured	**248,419,865**	**538,777,789**	**560,991,022**	**247,975,953**	**563,803,597**	**247,641,497**	**555,733,861**	**247,083,749**	**531,616,113**	**246,230,516**	**532,406,875**	**246,174,562**	**545,046,409**	**572,366,311**	**557,399,484**	**577,741,716**
Unsecured																
Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	6,557,624	28,204,577	42,030,315	6,557,624	39,771,667	6,557,624	34,102,838	6,557,624	21,240,432	6,557,624	34,353,633	6,557,624	29,032,248	29,680,032	25,613,074	27,678,090
Personal Property	11,376,128	48,299,529	39,049,251	11,376,128	48,437,084	11,376,128	46,361,945	11,376,128	62,307,206	11,376,128	46,665,422	11,376,128	42,521,245	40,942,980	43,953,114	46,741,722
Exemptions	(2,100)	(217,300)	(34,500)	(2,100)	(77,000)	(2,100)	(84,500)	(2,100)	(84,500)	(2,100)	(102,000)	(2,100)	(84,500)	(39,500)	(32,500)	0
Total Unsecured	**17,931,652**	**76,286,806**	**81,045,066**	**17,931,652**	**88,131,751**	**17,931,652**	**80,380,283**	**17,931,652**	**83,463,138**	**17,931,652**	**80,917,055**	**17,931,652**	**71,468,993**	**70,583,512**	**69,533,688**	**74,419,812**
GRAND TOTAL	**266,351,517**	**615,064,595**	**642,036,088**	**265,907,605**	**651,935,348**	**265,573,149**	**636,114,144**	**265,015,401**	**615,079,251**	**264,162,168**	**613,323,930**	**264,106,214**	**616,515,402**	**642,949,823**	**626,933,172**	**652,161,528**
Annual Incremental Value		348,713,078	375,684,571		386,027,743		370,540,995		350,063,850		349,161,762		352,409,188	378,843,609	362,826,958	388,055,314
Change in Value from Prior Year			26,971,493		9,899,260		(15,821,204)		(21,034,893)		(1,755,321)		3,191,472	26,434,421	(16,016,651)	25,228,356
% Change in Total Value			4.39%		1.54%		-2.43%		-3.31%		-0.29%		0.52%	4.29%	-2.49%	4.02%

(1) Source: County of Los Angeles
(2) Secured values include state assessed non-unitary utility property.

City of Santa Clarita Successor Agency
Newhall Redevelopment Project

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2016-17

1/12/2017

Table 4

		Secured			Unsecured			Total			
		Assessed Value	Parcels	% of Projct Secured Value	Assessed Value	Parcels	% of Projct Unsecured Value	Assessed Value	% of Projct Taxable Value	% of Projct Inc. Value	**Property Uses**
1.	Time Warner Cable	$0	0	0.00%	$43,041,370	3	57.84%	$43,041,370	6.60%	11.09%	Cable Television/Internet Facilities
2.	Saugus Station LLC	$18,260,394	6	3.16%	$0	0	0.00%	$18,260,394	2.80%	4.71%	Industrial and Warehousing Buildings
3.	Casden Santa Clarita LLC (Pending Appeals On Parcels)	$16,904,000	20	2.93%	$0	0	0.00%	$16,904,000	2.59%	4.36%	Vacant Industrial/Commercial Land
4.	Lyons Properties Limited (Pending Appeals On Parcels)	$10,276,022	1	1.78%	$0	0	0.00%	$10,276,022	1.58%	2.65%	Santa Clarita Medical Center - Offices
5.	Telfair Corporation (Pending Appeals On Parcels)	$8,841,991	2	1.53%	$0	0	0.00%	$8,841,991	1.36%	2.28%	Retail Strip Center (Newhall Ave & Carl Ct)
6.	David Weiswasser Trust	$8,247,025	2	1.43%	$0	0	0.00%	$8,247,025	1.26%	2.13%	Mulberry Mobile Home Park
7.	25805 San Fernando LLC	$8,205,360	1	1.42%	$0	0	0.00%	$8,205,360	1.26%	2.11%	Plaza Clarita - Mixed Use Commercial
8.	RFT Sprouts LLC et al	$7,854,588	3	1.36%	$0	0	0.00%	$7,854,588	1.20%	2.02%	Walnut Village Apartments
9.	23801 San Fernando Road LandCo LLC	$7,416,673	1	1.28%	$0	0	0.00%	$7,416,673	1.14%	1.91%	Santa Clarita Convalescent Hospital
10.	Peter and Barbara Coeler et al (Pending Appeals On Parcels)	$7,038,158	3	1.22%	$0	0	0.00%	$7,038,158	1.08%	1.81%	Villa La Paz Apartments/Commercial Office Building
	Totals:	$93,044,211	39		$43,041,370	3		$136,085,581			
	Total Assessed Values:	$577,741,716		16.10%	$74,419,812		57.84%	$652,161,528	20.87%		
	Incremental Assessed Value:	331567154		28.06%	56488160		76.20%	388055314		35.07%	

City of Santa Clarita Successor Agency
Newhall Redevelopment Project
Transfers of Ownership/New Development
Table 5

01/12/17

000's omitted

Real Property Value	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2016-17	2017-18	2018-19	2019-20
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
Transfers of Ownership after Jan.1, 2016	32	lump sum	$39,455,000	($20,742,138)	$18,713			0	18,713	0	0
Total Real Property Value			**$39,455,000**	**($20,742,138)**	**$18,713**			**0**	**18,713**	**0**	**0**
Total Real Property inc. Inflation Adj. @ 2% per year								$0	$18,713	$0	$0

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APPENDIX G

SUPPLEMENTAL INFORMATION—THE CITY OF SANTA CLARITA

The following information concerning the City of Santa Clarita (the "City") is included only for the purpose of supplying general information regarding the City. The City is not obligated in any manner to pay principal of or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement. The Project Area is located within the boundaries of the City.

General Background

The City is located in the Santa Clarita Valley (the "Valley"), which is comprised of the communities of Canyon Country, Newhall, Saugus, and Valencia, all located in Los Angeles County (the "County"). The following information specifically relates to the City and generally to the Santa Clarita Valley.

The first discovery of gold in 1842 was the beginning of a transformation of the area of the City, where the once-ancient Alliklik Indians, wild horses, Spanish explorers and European colonists lived. After purchasing Rancho San Francisco (later known as Newhall Ranch) in 1875, Henry Mayo sold a right-of-way to the Southern Pacific Railroad for $1 and a town site known as Newhall for another $1. Not only did it become a rail center, but the first commercially producing oil well began operation in Pico Canyon in 1875, followed by the state's first oil refinery in Railroad Canyon.

The City was officially incorporated on December 15, 1987, after a ballot measure was passed by the City's residents. The City is a general law city and operates under a Council-Manager form of government and provides, either directly or under contract with the County, a full range of municipal services including public safety, public works (including the sewer system), parks and recreation, community development, etc.

Geography and Climate

Santa Clarita Valley is located 35 miles northwest of Los Angeles and 40 miles east of the Pacific Ocean. It covers 150 square miles and forms an inverted triangle with the San Gabriel and Santa Susana mountain ranges, separating it from the San Fernando Valley and the Los Angeles Basin on the south, and the San Joaquin Valley, Mojave Desert and Angeles National Forest to the north. The Santa Clara River and its tributaries drain over 490,000 acres of mountains and canyons forming Santa Clarita Valley.

The City of Santa Clarita covers approximately 64 square miles and is located 40 miles from Los Angeles International Airport, 25 miles from the Burbank Airport; and 50 to 60 miles from the ports of Los Angeles and Long Beach, respectively. The City is accessible via Highway 126, the Golden State and the Antelope Valley Freeways. Three Metrolink stations serve rail passengers from the San Fernando Valley and Downtown Los Angeles.

In general, the climate in the City is sunny, warm and dry in the summer and semi-moist and mild in the winters. The annual rainfall of 15 to 18 inches occurs primarily between November and March.

Municipal Government

The City provides general government services either with its own employees or through contracts. The City has a Council Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments. The City Council is composed of five members elected biannually at large to four-year staggered terms. The Mayor is selected by the City Council from among its members. Beginning in 2016, the City's General

Municipal Election was consolidated with Los Angeles County General Election held on November 8, 2016. As of July 1, 2016, the City had a staff of 398.4 funded equivalent full time positions. The current members of the City Council, term expiration and their principal occupations are as follows:

City Council	**Term Expires**	**Occupation**
Cameron Smyth, *Mayor*	November 2020	Associate Vice President – State Affairs
Laurene F. Weste, *Mayor Pro Tem*	November 2018	Community Advocate
Marsha A. McLean, *Councilmember*	November 2018	Business Owner
Robert C. Kellar, *Councilmember*	November 2020	Retired Police Officer/Realtor
William Miranda*, Councilmember*	November 2018	Business Consultant

Current City Management Staff includes the following:

Mr. Ken Striplin has been the City Manager for the City since January 1, 2013. He has worked for the City since 1995, serving in a leadership capacity in every City department during his tenure. Previously Mr. Striplin has served the City as Assistant City Manager, Assistant to the City Manager, Technology Services Manager, Management Analyst and Administrative Analyst. In addition, Mr. Striplin has served as Interim Director of two departments: Field Services and Planning and Economic Development. He holds Bachelor of Arts and Master of Public Administration degrees from California State University, Northridge, and a Doctor of Education in Organizational Leadership from Pepperdine University.

Mr. Darren Hernández, Deputy City Manager, leads the Department of Neighborhood Services. Darren joined the City of Santa Clarita in January 2004 as Director of Administrative Services and was named Deputy City Manager in July 2007. Previously Mr. Hernández has served as the Director of Finance & City Treasurer of La Habra, California; Village Manager of Walden, New York; Assistant to the City Manager of Kalamazoo, Michigan; and, Executive Assistant to the Controller of the State of New York. He has a Bachelor of Arts degree from the State University of New York and studied public administration as a graduate student at the Maxwell School of Syracuse University.

Mr. Frank Oviedo has been the Assistant City Manager since January 7, 2013. Mr. Oviedo brings over 15 years of experience in city government. Prior to joining the City, he was the Deputy City Manager for the City of Elk Grove from 2002-2009 and was the City Manager of Wildomar from 2009-2012. During Frank's career, he has worked in every city department in three cities, with a steady progression of management responsibilities in local government. Frank Oviedo earned a Bachelor's degree from California State University Fresno and a Master's degree in Public Administration from Arizona State University.

Ms. Carmen Magaña is the recently appointed Director of Administrative Services for the City. In this position she provides leadership to the Department of Administrative Services and serves as the Chief Financial Officer of the City and the Successor Agency. Ms. Magaña began her career with the City in 1998 and prior to this position, she served as the Administrative Services Manager overseeing Finance and Technology Services. She is a member of the City's Leadership Team and serves as a member of the City's Budget Team. Ms. Magaña received a Bachelor's degree from California State University, Northridge in Business Administration and Finance and a Master's degree in Public Administration, Public Sector Management and Leadership.

Mr. Thomas Cole joined the City as Community Development Director in December 2012. In this position, he manages the City's Planning, Economic Development, Community Preservation and Redevelopment operations. Prior to joining the City, he served as Chief Operations Officer for the William S. Hart Union School District, and has held several local leadership roles, including Business Development/Project Management with Wimsatt Contracting Company; Vice President/Director of Construction at Highland Development Company; Director of Development at LNR Property; and Senior

Project Manager with Newhall Land and Farming. Mr. Cole received a Bachelor's degree in Geography, with an emphasis in Urban Planning, from California State University, Fullerton.

Municipal Services

The City provides park and recreation services, transit services, trash collection, street maintenance, building inspection and planning services. As a "contract city," the City purchases certain public services through contracts with other agencies and private companies. Contracting for services enables the City to accomplish the essential administrative and operational functions of a municipality with a relatively small workforce and payroll, and a minimum of facilities and equipment. The primary example of the contract arrangement is the Santa Clarita Police Department, whose sworn and civilian personnel are provided by the Los Angeles County Sheriff's Department. Fire protection is provided by the Los Angeles County Fire Protection District. Other regularly contracted services include refuse and recycling collection, landscaping and public transit services.

Population

The following table shows the City's and County's population as of January 1, 2011 through January 1, 2016.

CITY OF SANTA CLARITA AND LOS ANGELES COUNTY
Population

Year	Los Angeles County	City of Santa Clarita
2011	9,818,605	176,320
2012	9,884,632	177,445
2013	9,958,091	204,951
2014	10,041,797	209,130
2015	10,136,559	212,231
2016	10,241,335	219,611

Source: California State Department of Finance, as of January 1.

Housing

As of January 1, 2015, the California Department of Finance reported that there were 42,793 single family detached units in the City, 8,032 single family attached units, 17,946 multifamily housing units and 2,603 mobile home units. The vacancy rate is approximately 4.4%. In Mach 2016, the median price within the City of a single family home was $520,000 and of a condominium was $330,000.

Construction Activity

The following table shows the valuation of building permits issued in the City for the last five calendar years in which the data is available.

CITY OF SANTA CLARITA
Building Permits and Valuations

Year	Residential Permits	Residential Value	Non-Residential Value	Total
2011	1,370	$ 51,379,263	$133,390,664	$184,769,927
2012	1,645	65,411,571	44,678,839	110,090,410
2013	2,555	151,254,506	81,533,565	232,788,071
2014	2,733	149,911,340	51,329,822	201,241,162
2015	2,896	179,744,814	47,269,711	227,014,525

Source: City of Santa Clarita Permit System

Employment

The following table summarizes the City's employment and unemployment rates for 2011 through 2015 calendar years.

CITY OF SANTA CLARITA
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2011	2012	2013	20140	2015
Civilian Labor Force					
Employment	82,300	82,800	85,200	88,400	89,700
Unemployment	6,800	6,000	5,500	7,200	5,900
Total	89,100	88,800	90,700	95,600	95,600
Unemployment Rate[(a)]	7.6%	6.7%	6.0%	7.6%	6.1%

(a) The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department.

Largest Employers

Major non-governmental employers within the Santa Clarita Valley are as follows:

SANTA CLARITA VALLEY
Major Non-Governmental Employers

Company	Product/Service	Employees
Six Flags Magic Mountain	Amusement Park	3,200
Princess Cruises	Travel	1,885
Henry Mayo Newhall Memorial Hospital	Hospital	1,640
Quest Diagnostics (formerly Specialty Labs)	Medical R&D	850
Boston Scientific	Medical Device	780
The Master's College	Education	760
Woodward HRT (formerly H.R. Textron)	Aerospace	728
Advanced Bionics	Medical Device	700
California Institute of the Arts	Education	690
Walmart	Retail	624
	Subtotal	11,857
	Other	16,329
	Total	**28,186**

Source: 2015 Santa Clarita Valley - Real Estate and Economic Outlook.

Commercial Activity and Sales Tax

The following tables show total taxable transactions and sales tax revenues within the City over the last five calendar years in which data is available.

CITY OF SANTA CLARITA
Taxable Transactions
(Thousands of Dollars)

Year	Permits	Taxable Transactions
2010	6,025	2,403,176
2011	5,934	2,601,240
2012	6,021	2,764,693
2013	6,012	2,896,147
2014	6,232	3,004,553

Source: State Board of Equalization.

The following table shows a breakdown of the taxable sales within the City for 2014 calendar year (the latest calendar year in which information is available).

CITY OF SANTA CLARITA
Taxable Sales – 2014

Type of Business	Permits	Taxable Transactions
Retail and Food Services		
Motor Vehicle and Parts Dealers	156	$ 592,624,000
Home Furnishings and Appliance Stores	244	102,474,000
Bldg. Material and Garden Equip. & Supplies	94	181,882,000
Food and Beverage Stores	123	125,809,000
Gasoline Stations	46	329,482,000
Clothing and Clothing Accessories Stores	413	138,834,000
General Merchandise Stores	125	449,420,000
Food Services and Drinking Places	453	366,409,000
Other Retail Stores	2,444	188,264,000
Retail and Food Total	**4,248**	**$2,475,198,000**
All Other Outlets	1,764	529,355,000
Totals All Outlets	**6,232**	**$3,004,553,000**

Source: State Board of Equalization.

Industry

The City is part of the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area ("MSA"), which is comprised of parts of Los Angeles County.

LOS ANGELES-LONG BEACH-GLENDALE MSA
Historical Civilian Labor Force
Calendar Years 2011 through 2015
Annual Averages

Wage and Salary Employment:[2]	2011	2012	2013	2014	2015
Agriculture	5,600	5,400	5,500	5,200	5,000
Mining and Logging	4,100	4,300	4,500	4,300	3,900
Construction	105,100	109,200	116,200	119,600	126,100
Manufacturing	366,900	367,400	368,200	364,100	360,800
Wholesale Trade	205,800	211,900	218,700	222,500	227,000
Retail Trade	393,000	400,900	405,600	413,000	420,500
Transportation, Warehousing, Utilities	151,800	154,500	157,500	163,400	170,400
Information	192,000	191,500	196,400	198,000	202,700
Finance and Insurance	138,500	140,200	138,300	134,500	134,300
Real Estate and Rental and Leasing	71,600	72,200	74,700	76,700	79,900
Professional and Business Services	542,500	570,100	593,200	599,100	600,300
Educational and Health Services	677,300	699,500	702,100	720,700	742,200
Leisure and Hospitality	394,700	415,800	440,500	466,600	488,100
Other Services	137,000	141,700	145,700	150,500	151,700
Federal Government	49,000	48,100	47,200	46,700	47,400
State Government	82,700	83,100	83,600	85,300	87,400
Local Government	433,800	425,600	420,500	424,200	431,600
Total all Industries [1]	3,951,300	4,041,400	4,118,100	4,194,200	4,279,200

(1) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Income

The U.S. Census Bureau *American FactFinder* reports that the median income of households in the City for 2014 is $83,178 compared to $61,489 for the nation. Eighty-five percent of the households received earnings and seventeen percent received retirement income other than Social Security, with over twenty-four percent of the households receiving Social Security. These income sources are not mutually exclusive, with some households receiving income from more than one source.

As reported by The Neilsen Company (US) Inc. – *Quick Market Insights*, as of April 2016, the 2016 median household income for the County is $57,864 and for the City is $86,685.

"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."

As reported by The Neilsen Company (US) Inc. – *Quick Market Insights*, as of April 2016, (i) the total effective buying income for the County of Los Angeles is $231,719,110,000 and for the City is $5,395,572,500, and (ii) the median effective buying income for the County is $48,950 and for the City is $70,101.

Education

The City is served by 48 elementary schools, 6 middle schools, 7 high schools and numerous private and parochial schools. Three colleges are located in the Santa Clarita Valley, California Institute of the Arts, The Masters College and College of the Canyons. California State University – Northridge in the northern part of the San Fernando Valley is nearby and serves as an additional resource for higher-level education.

Recreational Activities

There are a number of recreational and historical facilities located in the Santa Clarita Valley. Among them are Six Flags Magic Mountain Amusement Park and Gene Autry's Melody Ranch. For water enthusiasts there are Castaic Lake, Lake Hughes, Lake Elizabeth, Lake Piru and Lake Pyramid. The Angeles National Forest, Placerita Canyon Nature Center, Saugus Train Station, Vasquez Rocks County Park and the City's community parks are also available for hiking and picnicking. William S. Hart Park features a magnificent Spanish colonial mansion museum. Frazier Park and Mountain High are within a 40 mile drive for ski enthusiasts. Also located in the City are the Canyon Theatre Guild, Disney Studios, Santa Clarita Repertory Theater, as well as the Friendly Valley, Valencia Country Club, Robinson's Ranch and Vista Valencia golf courses. Santa Clarita residents enjoy the City's distinctive trail system. There are three libraries located in the valley.

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ____________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA Tax Allocation Refunding Bonds Series 2017

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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