NEW ISSUE – FULL BOOK-ENTRY

RATINGS

Insured Ratings:	**Underlying Ratings:**
Moody's: "A2"	**Moody's: "A2" (Stable Outlook)**
S&P: "AA"	**S&P: "A-" (Negative Outlook)**
Kroll: "AA+"	

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$138,755,000
ANAHEIM PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(WORKING CAPITAL FINANCING)
SERIES 2021A (FEDERALLY TAXABLE)

Dated: Date of Delivery **Due:** July 1, as shown on the inside cover page

The Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable) (the "Bonds") are being issued pursuant to an Indenture, dated as of June 1, 2021 (the "Indenture"), by and among the Anaheim Public Financing Authority (the "Authority"), the City of Anaheim (the "City") and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are payable from base rental payments (the "Base Rental Payments") to be made by the City for the right to the use of certain real property (the "Property") pursuant to a Lease Agreement, dated as of June 1, 2021 (the "Lease Agreement"), by and between the City, as lessee, and the Authority, as lessor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Bonds are being issued to provide funds to (i) finance cash flow deficits for Fiscal Years 2020-21 through 2023-24 attributable to significant declines in expected General Fund revenues for the benefit of the City, (ii) finance capitalized interest on the Bonds through July 1, 2023, (iii) purchase a reserve policy in satisfaction of the Reserve Requirement, and (iv) pay the costs incurred in connection with the issuance and sale of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property. See "RISK FACTORS – Abatement" herein.

The Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2022. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of $5,000 or integral multiples thereof. Principal of, and premium, if any, and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY® MUNICIPAL

The Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption from condemnation award or insurance proceeds prior to maturity as described herein. See "THE BONDS – Redemption" herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE, AS PROVIDED IN THE INDENTURE, SOLELY FROM LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE LEASE REVENUES CONSIST OF ALL BASE RENTAL PAYMENTS PAYABLE BY THE CITY PURSUANT TO THE LEASE AGREEMENT, INCLUDING ANY PREPAYMENTS THEREOF, ANY NET PROCEEDS AND ANY AMOUNTS RECEIVED BY THE TRUSTEE AS A RESULT OF OR IN CONNECTION WITH THE TRUSTEE'S PURSUIT OF REMEDIES UNDER THE LEASE AGREEMENT UPON A LEASE DEFAULT EVENT. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE RENTAL PAYMENTS, INCLUDING THE BASE RENTAL PAYMENTS, DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority and certain other conditions. Certain legal matters will be passed on for the Authority and the City by the City Attorney of the City and by Orrick, Herrington & Sutcliffe LLP, Los Angeles California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. PFM Financial Advisors LLC has served as municipal advisor to the City in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about June 22, 2021.

Goldman Sachs & Co. LLC

BofA Securities **Wells Fargo Securities**

Dated June 10, 2021

MATURITY SCHEDULE

ANAHEIM PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(WORKING CAPITAL FINANCING)
SERIES 2021A (FEDERALLY TAXABLE)
(Base CUSIP No.† 03255L)

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2024	$3,650,000	0.632%	0.632%	JA8
2025	3,675,000	0.936	0.936	JB6
2026	3,710,000	1.186	1.186	JC4
2027	3,755,000	1.447	1.447	JD2
2028	3,810,000	1.697	1.697	JE0
2029	3,875,000	1.864	1.864	JF7
2030	3,950,000	2.014	2.014	JG5
2031	4,030,000	2.114	2.114	JH3
2032	4,115,000	2.314	2.314	JJ9
2033	4,210,000	2.414	2.414	JK6
2034	4,310,000	2.514	2.514	JL4
2035	4,420,000	2.614	2.614	JM2
2036	4,535,000	2.714	2.714	JN0
2037	4,660,000	2.784	2.784	JP5
2038	4,790,000	2.864	2.864	JQ3
2039	4,930,000	2.914	2.914	JR1
2040	5,075,000	2.964	2.964	JS9
2041	5,225,000	3.014	3.014	JT7

$62,030,000 3.121% Term Bonds due July 1, 2051 - Yield: 3.121% CUSIP No.† 03255LJU4

† 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 Global Market Intelligence. 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 City, the Authority, the Municipal Advisor and the Underwriters take no responsibility for the accuracy of such numbers.

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

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

The information set forth herein has been obtained from official sources which are believed by the Authority and the City to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The information in this Official Statement has been provided by the City and sources the City considers reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective 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.

THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions, projections and general economic conditions. Such words as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements and include, but are not limited to, statements under the captions "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "CITY OF ANAHEIM FINANCES." The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's or the City's forecasts in any way, regardless of the level of optimism communicated in the information. The City and the Authority assume no obligation to provide public updates of forward-looking statements.

CUSIP data herein (Copyright 2021, American Bankers Association) is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The City, the Authority, the Municipal Advisor and the Underwriters take no responsibility for the accuracy of such numbers.

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

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 in APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ANAHEIM PUBLIC FINANCING AUTHORITY

Anaheim City Council and Authority Board of Directors

Harry S. Sidhu, *Mayor and Chairman of the Authority*
Stephen Faessel, District 5, *Mayor Pro Tem and Vice-Chairman of the Authority*
Jose Diaz, District 1, *Member*
Jordan Brandman, District 2, *Member*
Jose F. Moreno, District 3, *Member*
Avelino Valencia, District 4, *Member*
Trevor O'Neil, District 6, *Member*

City/Authority Staff

James Vanderpool, *City Manager*
Greg Garcia, *Assistant City Manager*
Deborah A. Moreno, *Finance Director/City Treasurer, Authority Executive Director, Authority Financial Advisor and Authority Treasurer*
Robert Fabela, *City Attorney and Authority Counsel*
Theresa Bass, *City Clerk and Authority Secretary*

SPECIAL SERVICES

Municipal Advisor
PFM Financial Advisors LLC

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP

Trustee
U.S. Bank National Association

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OFFICIAL STATEMENT

$138,755,000
ANAHEIM PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(WORKING CAPITAL FINANCING)
SERIES 2021A (FEDERALLY TAXABLE)

INTRODUCTION

This Official Statement (which includes the cover page, inside cover page and Appendices hereto) (the "Official Statement"), provides certain information concerning the sale and issuance by the Anaheim Public Financing Authority (the "Authority") of $138,755,000 aggregate principal amount of its Anaheim Public Financing Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable) (the "Bonds").

The Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2022. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of $5,000 or integral multiples thereof. Principal of, and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, as trustee (the "Trustee") to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" herein. The Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption from condemnation award or insurance proceeds prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The proceeds of the sale of the Bonds will be used to (i) finance cash flow deficits for Fiscal Years 2020-21 through 2023-24 attributable to significant declines in expected General Fund revenues for the benefit of the City of Anaheim (the "City"), (ii) finance capitalized interest on the Bonds through July 1, 2023, (iii) purchase a reserve policy in satisfaction of the Reserve Requirement, and (iv) pay the costs incurred in connection with the issuance and sale of the Bonds.

The Disneyland Resort Theme Parks, the convention center, and sports stadiums are key drivers of the City's economy. The finances and operations of the City have been significantly impacted and will continue to be impacted by SARS-CoV-2, the virus which causes the coronavirus disease ("COVID-19"), which has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and California. As discussed under the captions "CITY OF ANAHEIM FINANCES" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19," the City's sales and use tax revenues, transient occupancy tax revenues and parking related revenues (not a significant source of General Fund revenues) have been particularly affected. The California State Auditor has identified transient occupancy taxes (TOT) as the revenue source most impacted by the Pandemic and notes the City as being one of six cities state-wide facing a significant COVID-19 impact to its revenues. TOT revenues alone typically approximate 42% of annual City General Fund revenues. With the closures beginning in March and April 2020 of the Disney theme parks, the convention center and sports and entertainment venues located in the City, the City has seen a dramatic drop in TOT and sales and use tax revenues (two of the three primary sources of the City's operating revenues), resulting in significant General Fund budget deficits expected in this fiscal year and in Fiscal Year 2021-22 and Fiscal Year 2022-23.

In its adopted Fiscal Year 2020-21 General Fund budget and five-year forecast (Fiscal Years 2020-21 through 2024-25) adopted in June 2020, as a result of the dramatic drop in TOT and sales and use tax revenues, the City projected an operating deficit of approximately $75 million for Fiscal Year 2020-21, decreasing to approximately $50 million in Fiscal Year 2021-22 and just under $30 million for each of the subsequent three fiscal years. The five-year forecast is prepared annually with the proposed budget and updated at mid-year or any other time there is a budget update. It is a major component of the City's budget administration. At the time of the initial adoption of the Fiscal Year 2020-21 budget, the City assumed, among other things, the re-opening of the City theme parks, resorts and hotels would occur in September 2020. These re-openings did not occur as originally projected but such re-openings have recently occurred, beginning in April 2021, with certain limitations on capacity. The Fiscal Year 2020-21 General Fund budget included assumed expenditure reductions to address the projected $75 million operating deficit.

In its December 2020 budget revisions, with initial re-opening projections significantly lagging and with a then projected July 2021 re-opening of City theme parks, resorts and hotels, the City's projected operating deficit for Fiscal Year 2020-21 grew to approximately $114 million (an increase of approximately $39 million over the initially adopted Fiscal Year 2020-21 budget), with the subsequent fiscal years' then projected operating deficits projected to decrease to approximately $72 million in Fiscal Year 2021-22, $31 million in Fiscal Year 2022-23, $20 million in Fiscal Year 2023-24 and $10 million in Fiscal Year 2024-25. Subsequent budget revisions were made in March and May 2021 as described herein.

Most recently, in connection with its proposed Fiscal Year 2021-22 budget, the City has estimated its Fiscal Year 2020-21 operating deficit at $99 million (based on information through May 2021). After taking into account federal stimulus funds from the American Rescue Plan Act of 2021 (the "ARP") (as described herein) that the City received in May 2021, the City's projected remaining General Fund deficit for Fiscal Year 2020-21 is approximately $57.4 million. The City's proposed Fiscal Year 2021-22 General Fund budget and five-year forecast (Fiscal Years 2021-22 through 2025-26) projects an operating deficit for Fiscal Year 2021-22 of approximately $57 million (without giving effect to the remaining stimulus funds expected to be received by the City), decreasing to $33 million in Fiscal Year 2022-23, $17 million in Fiscal Year 2023-24, $8 million in Fiscal Year 2024-25, and $2 million in Fiscal Year 2025-26. As noted above, the Bonds are being issued to provide funds to finance projected cash flow deficits for Fiscal Years 2020-21 through 2023-24. See "IMPACT OF COVID-19 PANDEMIC," "CITY OF ANAHEIM FINANCES" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

The following table provides a summary illustration of the General Fund 5-Year Forecast prepared for the proposed Fiscal Year 2021-22 budget, without the use of one-time revenue sources or limited programs including the ARP stimulus discussed above.

City of Anaheim
General Fund 5-Year Forecast
(amounts in millions)

	Fiscal Year 2020-21 Projected	Fiscal Year 2021-22 Proposed	Fiscal Year 2022-23 Projected	Fiscal Year 2023-24 Projected	Fiscal Year 2024-25 Projected	Fiscal Year 2025-26 Projected
Total Operating Sources	$290.8	$378.3	$430.0	$465.5	$490.3	$506.7
Total Operating Uses	389.4	434.9	462.9	482.8	498.3	508.7
Operating Deficit	(98.6)	(56.6)	(32.8)	(17.3)	(8.0)	(2.0)

Source: City of Anaheim.

The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq*. of the California Government Code (the "Act"), and the laws of the State of California, and an Indenture, dated as of June 1, 2021 (the "Indenture"), by and among the Authority, the City and the Trustee. The Bonds are payable from base rental payments (the "Base Rental Payments") to be made by the City for the right to the use of certain real property and the improvements thereto (the "Property") pursuant to a Lease Agreement, dated as of June 1, 2021 (the "Lease Agreement"), between the City, as lessee, and the Authority, as lessor. The City has leased the Property to the Authority pursuant to a Ground Lease, dated as of June 1, 2021 (the "Ground Lease"). See "THE PROPERTY."

The City covenants under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupy the Property or any portion thereof. See "RISK FACTORS – Abatement" herein. Abatement of Base Rental Payments under the Lease Agreement, to the extent payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Bonds. To the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments due under the Lease Agreement, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from such Net Proceeds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (the "Bond Insurer" or "AGM"). AGM will also provide a municipal bond debt service reserve insurance policy (the "Reserve Policy") to be credited towards the Reserve Fund in satisfaction of the Reserve Requirement (as defined herein).

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE, AS PROVIDED IN THE INDENTURE, SOLELY FROM LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE LEASE REVENUES CONSIST OF ALL BASE RENTAL PAYMENTS PAYABLE BY THE CITY PURSUANT TO THE LEASE AGREEMENT, INCLUDING ANY PREPAYMENTS THEREOF, ANY NET PROCEEDS AND ANY AMOUNTS RECEIVED BY THE TRUSTEE AS A RESULT OF OR IN CONNECTION WITH THE TRUSTEE'S PURSUIT OF REMEDIES UNDER THE LEASE AGREEMENT UPON A LEASE DEFAULT EVENT. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE RENTAL PAYMENTS, INCLUDING THE BASE RENTAL PAYMENTS, DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The City has agreed to provide, or cause to be provided, certain annual financial information and operating data and, in a timely manner, through the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board ("MSRB"), or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to S.E.C. Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein.

The summaries or references to the Indenture, the Lease Agreement and other documents, agreements and statutes referred to herein, and the description of the Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

IMPACT OF COVID-19 PANDEMIC

The City of Anaheim's economy has been particularly hard hit by the Pandemic. Tourism and hospitality are key components of the local economy, and cities, like the City, with a high dependence on sales and hotel occupancy taxes faced the most significant economic challenges as a result of the Pandemic. The downturn was unprecedented and unlike any prior economic adjustment in recent history.

Transient occupancy taxes have historically accounted for a higher proportion of General Fund revenues (approximately 42%) in the City than in most cities, and sales taxes generated by tourists and daytime visitors at restaurants and retail outlets also contribute greatly to the City's revenues. In fact, these two sources had in years just prior to the Pandemic accounted for nearly 57% of General Fund revenues in Fiscal Year 2018-19 and the then previous five years, and are now projected to decrease by 65% from pre-COVID levels in Fiscal Year 2020-21 (this is a greater reduction than the 36% decrease that had been originally anticipated in the Fiscal Year 2020-21 Adopted Budget) and by 33% in Fiscal Year 2021-22 from pre-COVID levels (this is a greater reduction than the 30% decrease that had been originally anticipated in the Fiscal Year 2020-21 Adopted Budget). The full or partial shutdown of non-essential businesses also affects other key City revenue sources such as business license taxes, and charges for services. With concerted vaccination efforts underway in the United States, governmentally-imposed restrictions on operations of businesses implemented to respond to and control the outbreak have recently been eased and are currently expected to be further reduced or eliminated during the month of June 2021. This will allow for increased economic activity and the potential for additional resumed tourism within the City; however, it is anticipated that some physical distancing measures will be kept in place in resorts, hotels, restaurants, and shopping establishments for a period beyond widespread distribution of the vaccine. It will likely be months or even years before international and travel resumes in a meaningful way, and business travel may never return to pre-virus levels. People's shopping habits may also be altered for a significant amount of time or forever.

The City adopted its Fiscal Year 2020-21 budget on June 23, 2020, which included Citywide expenditures totaling $1.7 billion. The largest portion of the budget comprises Enterprise funds, representing 43% of such amount. The bulk of the Enterprise funds are from restricted sources including the electric, water and sanitation utilities. The majority of unrestricted funds are in the General Fund, which makes up 18% of the City-wide budget. The General Fund provides the greatest source of discretionary funding and supports the City's core services.

The adopted Fiscal Year 2020-21 General Fund budget included total General Fund operating sources of approximately $344.2 million. Approximately 70% of the revenues come from the following principal sources: TOT, sales and use taxes, and property taxes. The remaining revenues include fees and permits, transfers from other funds and other miscellaneous revenues. The adopted Fiscal Year 2020-21 General Fund budget included operating uses, based on information available at that time (approximately four months into the Pandemic), projected at $419 million (excluding homeless shelters), without giving effect to the departmental reductions placeholder of $75 million reflected in the budget to address the projected operating deficit.

At the time of the initial adoption of the Fiscal Year 2020-21 budget, the City assumed, among other things, the reopening of the City theme parks, resorts and hotels would occur in September 2020. These re-openings did not occur as originally projected but have recently occurred (as noted above) with certain limitations on capacity. In its adopted Fiscal Year 2020-21 General Fund budget, the City projected an operating deficit of approximately $75 million for such fiscal year. Over the five-year forecast, the operating deficit was projected to decrease to approximately $50 million in year 2 and just under $30 million for years 3 to 5. Initially, this operating deficit was addressed by the departmental expenditure reductions referenced above. In its December 2020 budget update and revisions, with anticipated re-openings significantly lagging the initial expected timeline, and reflecting the then projected July 2021 re-opening of City theme parks, resorts and hotels, the City's projected operating deficit estimate for Fiscal Year 2020-21 grew to approximately $114 million (an increase of approximately $39 million over the initially adopted Fiscal Year 2020-21 budget), with the subsequent fiscal years' then projected operating deficits projected to decrease to approximately $72 million in Fiscal Year 2021-22, $31 million in Fiscal Year 2022-23, $20 million in Fiscal Year 2023-24 and $10 million in Fiscal Year 2024-25.

In its March 2021 projections, the City projected its Fiscal Year 2020-21 operating deficit at $110 million, decreasing to approximately $62 million in Fiscal Year 2021-22, $46 million in Fiscal Year 2022-23, $33 million in Fiscal Year 2023-24 and $23 million in Fiscal Year 2024-25. In the March 2021 projections, General Fund operating uses were estimated to be lower than originally budgeted by almost $41 million due to (i) the immediate expenditure reductions of $19 million of operating budget reductions that have been implemented, including approximately $10.9 million in cuts attributable to a hiring freeze for all non-essential personnel and early retirement of about 100 employees (as part of the City's Accelerated Separation Program), approximately $4.5 million from spending cuts on all non-essential spending, general operational savings of approximately $3.1 million from deferred fleet vehicle purchases, and $500,000 from deferred tree trimming, and (ii) a reduction in transfers out of almost $24 million because of a reduced Lease Payment Measurement Revenues (LPMR) transfer (as described below), the size of which is directly related to the amount of TOT and sales and use taxes collected in the relevant period.

Most recently, in connection with the preparation of its proposed Fiscal Year 2021-22 budget, which is scheduled for consideration by the City Council on June 23, 2021, the City has estimated its Fiscal Year 2020-21 operating deficit at $99 million (based on information through May 2021). After taking into account federal stimulus funds from the ARP that the City received in May 2021, the City's projected remaining General Fund deficit for Fiscal Year 2020-21 is approximately $57.4 million. The City's proposed Fiscal Year 2021-22 General Fund budget and five-year forecast (Fiscal Years 2021-22 through 2025-26) projects an operating deficit for Fiscal Year 2021-22 of approximately $57 million (without giving effect to the remaining stimulus funds expected to be received by the City), decreasing to $33 million in Fiscal Year 2022-23, $17 million in Fiscal Year 2023-24, $8 million in Fiscal Year 2024-25, and $2 million in Fiscal Year 2025-26. The City currently projects its June 30, 2021 General Fund reserve balance to be $49.5 million. See also, "CITY OF ANAHEIM FINANCES" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

The Anaheim Resort is a key driver of the City's economy and the City's budget is impacted significantly by the loss of tourist related revenues. The Anaheim Resort is an approximate 1,100 acre area that includes the area immediately surrounding Disneyland and the Anaheim Convention Center. As of March 31, 2021, theme parks reopened with limited capacity. The Disneyland Resort Theme Parks are open and operating with capacity currently restricted to California residents only. The Governor of California has announced that most statewide Pandemic restrictions are expected to be lifted by June 15, 2021, contingent on certain public health metrics to be assessed at that time. This easing of restrictions permits the Disneyland Resort Theme Parks to admit guests from outside of California (subject to continuing health and safety processes), the Downtown Disney District to open without restrictions, Disney's Paradise Pier Hotel to reopen on June 15, 2021 with reduced capacity, and the Disneyland Hotel to reopen on July 2, 2021, with reduced capacity. Certain restrictions applicable to large gatherings (particularly the indoor resort and event gatherings) are expected to be in place effective June 15, 2021 through October 1, 2021. The State will assess conditions by September 1, 2021, to determine whether updated requirements or recommendations are needed beyond October 1, 2021. Many economists are predicting that tourism could take several years to fully recover, especially international travel.

In February 1997, the Authority issued its Anaheim Public Financing Authority Subordinate Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series C and its Anaheim Public Financing Authority Senior Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series A, and in April 2019, the Authority issued its Anaheim Public Financing Authority Senior Lease Revenue Refunding Bonds (Anaheim Public Improvements Project), Series 2019 A, as special obligations of the Authority to finance and refinance the construction of public improvements in the Anaheim Resort. Debt service requirements to maturity for the 1997 Series C, 1997 Series A and Series 2019A lease revenue bonds are payable solely from lease payments to be made by the City to the Authority for the use and occupancy of certain leased premises. Such lease payments are payable from Lease Payment Measurement Revenues ("LPMR"), which are defined as amounts equal to: (1) 3% of the 15% transient occupancy taxes (TOT) (i.e., 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and (2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on these lease revenue bonds. Recently, unscheduled draws were made on the Special Reserve Fund to pay the principal of, Accreted Value, and interest on these lease revenue bonds and the City anticipates an additional draw in September 2021. See "CITY OF ANAHEIM FINANCES – Unscheduled Draws On Special Reserve Fund Backed by Lease Payment Measurement Revenues." These lease revenue bonds have a final maturity in Fiscal Year 2036-37 and are currently projected to be fully redeemed in Fiscal Year 2031-32; however, the City is not obligated to redeem the bonds prior to their final maturity.

The proposed Fiscal Year 2021-22 General Fund budget projects operating sources of $378 million and operating uses at $435 million. The proposed Fiscal Year 2021-22 General Fund budget projects an operating deficit for Fiscal Year 2021-22 of approximately $57 million, decreasing to $33 million in Fiscal Year 2022-23, $17 million in Fiscal Year 2023-24, $8 million in Fiscal Year 2024-25, and $2 million in Fiscal Year 2025-26. As more fully discussed below, proceeds of the Bonds and projected federal stimulus of $53.5 million balances the proposed Fiscal Year 2021-22 budget and meets projected homeless shelter expenditures. While tourism was hit very hard with the shutdowns, the proposed budget anticipates that hotels and tourism are on pace to begin to resume regular operations.

As noted above, the three principal operating sources for the General Fund budget are TOT, sales and use tax, and property taxes.

Transient and Occupancy Taxes. TOT is a tax of 15% applied to room sales derived from hotel, motel, and timeshare stays of less than thirty days. TOT has typically been the City's largest source of General Fund revenue. But in Fiscal Year 2020-21, with fewer visitors and temporary hotel closures, it has dropped to the third largest source, behind sales and use taxes and property taxes. The adopted TOT budget amount for Fiscal Year 2020-21 was approximately $84 million, or 24% of General Fund operating sources. As of May 2021, with theme parks only recently opened at limited capacity, the City projects Fiscal Year 2020-21 TOT revenue collections to be approximately $25 million. This is a decline of approximately $59 million, or 70%, from the adopted Fiscal Year 2020-21 General Fund budget and $137 million, or 85%, from the City's peak TOT revenue collections of approximately $162 million in Fiscal Year 2018-19. The proposed Fiscal Year 2021-22 budget projects Fiscal Year 2021-22 TOT revenue collections of approximately $108 million, 335% higher than the current projection for Fiscal Year 2020-21, but a decline of $54 million from its peak in Fiscal Year 2018-19.

Sales and Use Tax. The sales and use tax is a tax applied to the sale of tangible personal property. The tax rate in the City is 7.75% of retail sales (as of the most recent increase which took effect on January 1, 2017). The bulk of sales and use tax revenues goes to the State to fund schools and other state supported programs; the City receives 1 cent of every dollar spent in the City. The adopted sales and use tax budget amount for Fiscal Year 2020-21 was approximately $76 million, or 22% of General Fund operating sources. As of May 2021, sales and use tax revenues are estimated to be approximately $69 million, a decline of approximately $7 million from the adopted Fiscal Year 2020-21 General Fund budget and $16 million less than the City's peak sales and use tax revenue collections of approximately $85 million in Fiscal Year 2018-19. The proposed Fiscal Year 2021-22 budget projects Fiscal Year 2021-22 sales and use tax revenues of approximately $83 million, 21% higher than the current projection for Fiscal Year 2020-21, and a decline of $2 million from its peak in Fiscal Year 2018-19.

Property Tax Revenues. All real and tangible personal property in the State is subject to a property tax equal to 1% of its value. The City receives a portion equal to approximately 20% of the 1% basic levy. The adopted Fiscal Year 2020-21 General Fund budget estimated property tax revenues to be approximately $87 million, or 25% of General Fund operating sources. As of May 2021, the City projects property tax revenues to be just below budget, with a slight decline of approximately 1% from Fiscal Year 2019-20. The proposed Fiscal Year 2021-22 budget projects property tax revenue of approximately $89 million, an increase of $3 million from the City's peak property tax revenue collections of approximately $86 million in Fiscal Year 2019-20.

The following table provides a summary illustration of the General Fund 5-Year Forecast prepared for the proposed Fiscal Year 2021-22 budget, without the use of one-time revenue sources or limited programs.

City of Anaheim
General Fund 5-Year Forecast
(amounts in millions)

	Fiscal Year 2020-21 Projected	Fiscal Year 2021-22 Proposed	Fiscal Year 2022-23 Projected	Fiscal Year 2023-24 Projected	Fiscal Year 2024-25 Projected	Fiscal Year 2025-26 Projected
Transient Occupancy Taxes	$24.8	$107.9	$146.0	$175.1	$192.9	$201.9
Sales and Use Taxes	68.5	83.1	90.5	94.8	98.3	101.7
Property Taxes	85.8	89.4	92.4	92.4	95.7	98.6
Other Revenues	85.2	71.7	74.3	75.9	75.8	77.1
Transfers In	26.5	26.1	26.8	27.2	27.7	27.5
Total Operating Sources	290.8	378.3	430.0	465.5	490.3	506.7
Operating Deficit	(98.6)	(56.6)	(32.8)	(17.3)	(8.0)	(2.0)

Source: City of Anaheim.

The City's proposed Fiscal Year 2021-22 budget is scheduled for consideration and approval by the City Council on June 22, 2021.

Net proceeds of the sale of the Bonds will be used to offset the cash flow deficits attributable to significant declines in expected General Fund revenues for Fiscal Years 2020-21 through 2023-24, as the local economy re-opens and revenues are projected to return to pre-Pandemic levels.

To date, the City has received $33 million in CARES Act funding passed through various agencies, including the State of California and the County of Orange. The City anticipates receiving approximately $107 million of additional funding assistance through the federal $1.9 trillion ARP, of which $53.3 million was received on May 18, 2021, which will likely be used to support the reopening of services while City revenues recover. The substantial portion of such funds will be allocated to the General Fund to partially offset revenue losses due to COVID-19 and related expenditures. CARES Act funds received will be accounted as Other Revenues and ARP dollars funds received are included in the May update to Fiscal Year 2020-21 General Fund budget and the Proposed Fiscal Year 2021-22 General Fund budget, below the line and separately labeled.

In March 2021, the President signed the American Rescue Plan Act of 2021 (ARP herein), a $1.9 trillion economic stimulus package to speed up the United States' recovery from the economic and health effects of the Pandemic. This pandemic relief funding is available for a broad range of uses, including responding directly to the health emergency, addressing its negative economic impacts with assistance to households and small businesses, restoring government services reduced in response to pandemic-related revenue losses, and making certain necessary infrastructure improvements. Pursuant to the provisions of the bill, funding received pursuant to ARP must be spent by the end of the 2024 calendar year. Recipient governments are required to provide periodic reports to the U.S. Department of Treasury with a detailed accounting of the use of funds. The U.S. Department of Treasury can recoup funds if the recipient government does not comply with the eligible uses. The City expects its expenditures to be consistent with such requirements.

Additional steps to balance the City's General Fund budgets in the near term will be needed. Future budget balancing considerations include near term options such as a continuation of the hiring freeze and Accelerated Separation Program and additional service reductions, in addition to potential future strategic borrowing.

The Bonds are subject to optional redemption without premium on any date on or after July 1, 2031 and are subject to optional make-whole redemption prior to that redemption date. Currently, the City plans to apply available funds to redeem the Bonds well in advance of their final maturity. Available revenues are currently projected to be available for this use in Fiscal Year 2031-32, following the projected redemption of the lease revenue bonds issued to finance construction of public improvements in the Anaheim Resort as discussed above.

See also "CITY OF ANAHEIM FINANCES" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

THE BONDS

General

The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof (each, an "Authorized Denomination"). The Bonds will be dated and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Bonds will be paid semiannually on January 1 and July 1 (each, an "Interest Payment Date") of each year, commencing on January 1, 2022.

Interest on the Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon will be payable from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has previously been paid or duly provided for. As defined in the Indenture, the term "Record Date" means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day. Interest will be paid in lawful money of the United States on each Interest Payment Date. Interest will be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than $1,000,000 aggregate principal amount of Bonds, which written request is received by the Trustee on or prior to the Record Date. Notwithstanding the foregoing, interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which will be given to such Owner not less than ten days prior to such special record date.

The principal of and premium, if any, on the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption Prior to July 1, 2031. The Bonds are subject to optional redemption, in whole or in part in Authorized Denominations, on any date prior to July 1, 2031, from and to the extent of prepaid Base Rental Payments as provided in the Lease Agreement, at a Redemption Price equal to the greater of the following:

(a) 100% of the principal amount of the Bonds to be redeemed; and

(b) the sum of the present value of the remaining scheduled payments of principal of and interest on the Bonds to be redeemed, not including any portion of such payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus: (i) with respect to the Bonds maturing on July 1, 2025 and July 1, 2027, 0.05% (5 basis points); (ii) with respect to the Bonds maturing on July 1, 2024, July 1, 2026 and July 1, 2028 through July 1, 2031, both dates inclusive, 0.10% (10 basis points); (iii) with respect to the Bonds maturing on July 1, 2032, July 1, 2033 and July 1, 2051, 0.15% (15 basis points); (iv) with respect to the Bonds maturing on July 1, 2034 through July 1, 2037, both dates inclusive, 0.20% (20 basis points); and (v) with respect to the Bonds maturing on July 1, 2038 through July 1 2041, both dates inclusive, 0.25% (25 basis points);

plus, in each case, accrued interest on the Bonds to be redeemed to the date fixed for redemption.

The City shall retain an Independent Consultant to determine the Redemption Price of Bonds as described in this subsection and perform all actions and make all calculations required to determine such Redemption Price. The City and the Trustee may conclusively rely on the Independent Consultant's calculations in connection with, and its determination of such Redemption Price and neither the City nor the Trustee shall have any liability for such reliance. The determination of the Redemption Price of Bonds as described in this subsection by an Independent Consultant shall be conclusive and binding on the Trustee and the Owners of the Bonds.

"Independent Consultant" means an independent accounting firm, investment banking firm, or municipal advisor retained by the City at the City's expense.

"Treasury Rate" means with respect to any redemption date for a particular Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than two Business Days nor more than 45 calendar days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data), most nearly equal to the period from the Redemption Date to the maturity date of the Bond to be redeemed, as determined by an Independent Consultant.

Optional Redemption on and after July 1, 2031. The Bonds maturing on or after July 1, 2032 are subject to redemption prior to their respective stated maturities, at the option of the Authority, in whole or in part in Authorized Denominations on any date on or after July 1, 2031, from and to the extent of prepaid Base Rental Payments as provided in the Lease Agreement, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The Bonds are subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any insurance proceeds or condemnation award received (in excess of $50,000) with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

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Mandatory Sinking Fund Redemption. The Bonds maturing July 1, 2051 are subject to mandatory sinking fund redemption, in part, on July 1 in each year, commencing July 1, 2042, at a Redemption Price equal to the principal amount of the Bonds maturing July 1, 2051 to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (July 1)	Principal Amount to be Redeemed
2042	$5,380,000
2043	5,550,000
2044	5,725,000
2045	5,900,000
2046	6,085,000
2047	6,275,000
2048	6,470,000
2049	6,670,000
2050	6,880,000
2051*	7,095,000

* Maturity Date.

If some but not all of the Bonds maturing on July 1, 2051 are redeemed pursuant to the terms for extraordinary redemption of Bonds, the principal amount of the Bonds maturing on July 1, 2051 to be redeemed from mandatory sinking fund payments on any subsequent July 1 will be reduced by the aggregate principal amount of the Bonds maturing on July 1, 2051 so redeemed pursuant to the terms for extraordinary redemption of Bonds, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination will be given by the Trustee to the City. If some but not all of the Bonds maturing on July 1, 2051 are redeemed pursuant to the terms for optional redemption of Bonds, the principal amount of the Bonds maturing on July 1, 2051 to be redeemed from mandatory sinking fund payments on any subsequent July 1 will be reduced, by $5,000 or an integral multiple thereof, as designated by the City in a Written Certificate of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on July 1, 2051 redeemed pursuant to the terms for optional redemption of Bonds.

Notice of Redemption. So long as the Bonds are held in book-entry form, notices of redemption will be mailed by the Trustee only to DTC, and not to any Beneficial Owners, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any extraordinary redemption of Bonds, among maturities of the Bonds on a *pro rata* basis as nearly as practicable, and (b) with respect to any optional redemption of Bonds, as directed in a Written Certificate of the City, and by lot among Bonds of the same maturity in any manner that the Trustee in its sole discretion shall deem appropriate and fair. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" for information regarding DTC's customary practice for selecting book-entry bonds for redemption. The Trustee will promptly notify the Authority and the City in writing of the numbers of the Bonds so selected for redemption on such date. For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 denominations and such separate denominations shall be treated as separate Bonds that may be separately redeemed.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

Transfer and Exchange of Bonds

The following provisions regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions of the Indenture by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds during the period established by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Revenues

The Bonds are payable from and secured by Lease Revenues and any other amounts held in the Payment Fund established under the Indenture. The term "Lease Revenues" means all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Lease Agreement upon a Lease Default Event. Base Rental Payments shall be paid by the City from any and all legally available funds. The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

As provided in the Indenture, the Authority will assign to the Trustee for the benefit of the Bond Owners all of the Authority's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See "– Base Rental Payments" below.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Lease Revenues and any other amounts held in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture. Such pledge constitutes a first lien on such assets.

In accordance with the Indenture, the Trustee will establish and maintain a special fund designated the Payment Fund and therein a separate account designated the Interest Account and a separate account designated the Principal Account. All Lease Revenues received by the Trustee will be deposited by the Trustee in the Payment Fund; provided, however, that Net Proceeds, other than those constituting proceeds of rental interruption insurance received with respect to the Property, will not be deposited in the Payment Fund but, rather, will be applied as provided as described herein and in the Indenture.

The Trustee, on each Interest Payment Date, will transfer from the Payment Fund to the Interest Account and the Principal Account an amount equal to the interest on and principal of the Bonds coming due on such Interest Payment Date. In the event of an insufficiency to pay the interest on and principal of the Bonds due and payable on such Interest Payment Date, the Trustee will withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and will transfer any amounts so withdrawn to the Interest Account and the Principal Account, respectively.

The Bonds are special obligations of the Authority, payable, as provided in the Indenture, solely from Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Lease Revenues consist of all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Lease Agreement upon a Lease Default Event. The Authority has no taxing power.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each such period. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The term "Rental Period" means the period from the date of delivery of the Bonds through June 30, 2021 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement shall be extended as provided in the Lease Agreement, except that the term shall in no event be extended ten years beyond the stated termination date of the Lease Agreement. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Rental Abatement."

Notwithstanding the foregoing, to the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments due under the Lease Agreement, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from such Net Proceeds.

The City's use and occupancy of the Property will not be abated solely as a result of the continuance of the current Pandemic or the restrictions on activities related thereto. See "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

Substitution and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. See "THE PROPERTY." After a substitution or release, the portion of the Property for which the substitution or release has been effected shall be released from the leasehold encumbrance of the Lease Agreement and the Ground Lease.

See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Substitution and Removal of Property."

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority's rights under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and will have the right to re-enter and re-let the Property or terminate the Lease Agreement upon an Event of Default thereunder. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Events of Default and Remedies. See also "RISK FACTORS – Limited Recourse on Default; No Acceleration of Base Rental" herein.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Default" and "– Indenture – Events of Default," "– Other Remedies of the Trustee," and "Limitation on Suits."

Reserve Fund for the Bonds

The Trustee shall establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, in satisfaction of the Reserve Requirement, the Trustee will be provided with the Reserve Policy. There shall be deposited in the Reserve Fund any amounts paid by the Insurer pursuant to a claim on the Reserve Policy and any amounts paid by the issuer of any Additional Reserve Policy pursuant to a claim on such Additional Reserve Policy. As defined in the Indenture, the term "Reserve Requirement" means, as of the date of any calculation, an amount equal to the least of (a) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, with respect to the Bonds, (b) the maximum Annual Debt Service on the Outstanding Bonds, and (c) 125% of the average Annual Debt Service on the Outstanding Bonds.

The Authority and the City may, with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), substitute an Additional Reserve Policy for all or part of the moneys on deposit in the Reserve Fund by depositing such Additional Reserve Policy with the Trustee, provided that, at the time of such substitution, the amount on deposit in the Reserve Fund, together with the amount available under all Reserve Facilities, shall be at least equal to the Reserve Requirement. Moneys for which an Additional Reserve Policy has been substituted as provided in the Indenture shall be transferred, at the election of the Authority (i) to the Redemption Fund to be applied to the optional redemption of Bonds or, (ii) to the Authority to pay Working Capital Expenditures or any other costs to which general fund moneys of the City may be legally applied.

In the event that, on the date five Business Day prior to an Interest Payment Date (i) amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, and/or (ii) amounts in the Principal Account are insufficient to pay the principal, if any, of the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account and/or Principal Account. If, on such date, the amount on deposit in the Reserve Fund is not sufficient to make any such transfer, the Trustee shall make a claim under each available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required; provided, however, if and to the extent that, in addition to the Reserve Policy, an Additional Reserve Policy is credited to the Reserve Fund, drawings thereunder and under the Reserve Policy shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder). Amounts on deposit in the Reserve Fund which were not derived from payments under any Reserve Facility credited to the Reserve Fund to satisfy a portion of the Reserve Requirement shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and, if a claim is required to be made thereon, provide notice to the Insurer in accordance with the Reserve Policy at least five Business Days prior to each Interest Payment Date. The phrase "coverage then available" means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Facility without regard to the legal or financial ability or willingness of the issuer thereof to honor a claim or draw thereon or the failure of such issuer to honor any such claim or draw.

See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –Indenture – Pledge and Assignment; Funds and Accounts – Reserve Fund."

Base Rental Payments

Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment shall be deposited with the Trustee no later than the fifth Business Day next preceding each Interest Payment Date (the "Base Rental Deposit Date") on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each Principal Payment Date, the Trustee will transfer amounts in the Payment Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest on and principal of the Bonds.

Scheduled Base Rental Payments relating to the Bonds are set forth below under the heading "BASE RENTAL PAYMENT SCHEDULE."

THE OBLIGATION OF THE CITY TO MAKE THE RENTAL PAYMENTS, INCLUDING THE BASE RENTAL PAYMENTS, DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO

LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental payments thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

(i) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(ii) insurance premiums for all insurance required pursuant to the Lease Agreement; and

(iii) all other payments not constituting Base Rental Payments required to be paid by the City pursuant to the provisions of the Lease Agreement.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts shall be payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained throughout the term of the Lease Agreement, a standard comprehensive general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Such policy or policies will provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Such policy or policies will provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City. The Net Proceeds of such liability insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The City's obligations described under this subsection may be satisfied by self-insurance in accordance with the Lease Agreement. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

The City will maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and flood) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. Full insurable value will not be less than the aggregate principal amount of the Outstanding Bonds. The Net Proceeds of such casualty insurance will be applied as set forth below under "Damage or Destruction of the Property." The City's obligations described under this subsection may be satisfied by self-insurance in accordance with the Lease Agreement. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

The City will maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered as described in the immediately preceding paragraph in an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The Net Proceeds of such rental interruption insurance will be applied to the payment of Rental Payments during the period in which, as a result of the damage or destruction to the Property that resulted in the receipt of such Net Proceeds, there is substantial interference with the City's right to the use or occupancy of the Property. The City's obligations described under this subsection may not be satisfied by self-insurance.

The required insurance as described above is to be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of the City's professionally qualified risk manager or an independent insurance consultant, to be adequate for the purposes of the Lease Agreement. All such policies will contain a standard lessee clause in favor of the Trustee and the general liability insurance policies will be endorsed to show the Trustee, as an additional insured. All such policies will provide that coverage shall not be cancelled except with notice to the City of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds, insuring the fee interest of the Authority in the Property, and the City's leasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

Damage or Destruction of the Property

If the Property or any portion thereof shall be damaged or destroyed, the City shall, within 30 days of the occurrence of the event of damage or destruction, notify the Trustee in writing of the City's determination as to whether or not such damage or destruction will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement. If the City determines that such damage or destruction will not result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof.

If the City determines that such damage or destruction will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement, then the City shall (i) apply sufficient funds from the Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of such damage or destruction and other legally available funds to the repair or replacement of the Property or the portions thereof which have been damaged or destroyed to the condition that existed prior to such damage or destruction, provided that, within 40 days of the occurrence of the event of damage or destruction, the City delivers to the Trustee a Written Certificate of the City (A) certifying that the City has sufficient funds to so complete such repair or replacement of the Property or such portions thereof and identifying such funds and the location thereof, and (B) stating that such funds will not be used for any other purpose until such repair or replacement is completed, (ii) within 60 days of the occurrence of the event of damage or destruction, cause alternate real property to be substituted for all or a portion of the Property pursuant to the Lease Agreement, or (iii) within 60 days of the occurrence of the event of damage or destruction, deliver sufficient funds from such Net Proceeds and other legally available funds to the Trustee for the application to the redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property (A) of all of the Outstanding Bonds, or (B) of such portion of the Outstanding Bonds as shall result in (I) the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the City delivered to the Trustee, being at least equal to 105% of the maximum amount of the principal (including principal due and payable by reason of mandatory sinking fund redemption of such Bonds) of and interest on the Bonds coming due in the then current Rental Period or any subsequent Rental Period, and (II) the fair replacement value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the City delivered to the Trustee, being at least equal to the aggregate principal amount of the Bonds then Outstanding. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Abatement," "– Substitution or Release of the Property" and "– Damage or Destruction."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are shown below.

Sources:	
Principal Amount of Bonds	$138,755,000.00
Total Sources	$138,755,000.00
Uses:	
Working Capital Fund	$130,000,000.00
Capitalized Interest[(1)]	7,402,788.36
Costs of Issuance[(2)]	1,352,211.64
Total Uses	$138,755,000.00

(1) Capitalized interest on the Bonds to July 1, 2023.

(2) Includes legal, Municipal Advisor, underwriting, rating agency, printing fees, insurance and reserve policy premiums and other miscellaneous costs of issuance.

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BASE RENTAL PAYMENT SCHEDULE

Following is the schedule of Base Rental Payments due with respect to the Bonds, assuming no optional or extraordinary redemption prior to maturity:

Date	Principal	Interest	Total Payments	Annual Payments
1/1/2022	--	$ 1,919,241.42[(1)]	$ 1,919,241.42	--
7/1/2022	--	1,827,848.98[(1)]	1,827,848.98	$ 3,747,090.40
1/1/2023	--	1,827,848.98[(1)]	1,827,848.98	--
7/1/2023	--	1,827,848.98[(1)]	1,827,848.98	3,655,697.96
1/1/2024	--	1,827,848.98	1,827,848.98	--
7/1/2024	$ 3,650,000.00	1,827,848.98	5,477,848.98	7,305,697.96
1/1/2025	--	1,816,314.98	1,816,314.98	--
7/1/2025	3,675,000.00	1,816,314.98	5,491,314.98	7,307,629.96
1/1/2026	--	1,799,115.98	1,799,115.98	--
7/1/2026	3,710,000.00	1,799,115.98	5,509,115.98	7,308,231.96
1/1/2027	--	1,777,115.68	1,777,115.68	--
7/1/2027	3,755,000.00	1,777,115.68	5,532,115.68	7,309,231.36
1/1/2028	--	1,749,948.25	1,749,948.25	--
7/1/2028	3,810,000.00	1,749,948.25	5,559,948.25	7,309,896.50
1/1/2029	--	1,717,620.40	1,717,620.40	--
7/1/2029	3,875,000.00	1,717,620.40	5,592,620.40	7,310,240.80
1/1/2030	--	1,681,505.40	1,681,505.40	--
7/1/2030	3,950,000.00	1,681,505.40	5,631,505.40	7,313,010.80
1/1/2031	--	1,641,728.90	1,641,728.90	--
7/1/2031	4,030,000.00	1,641,728.90	5,671,728.90	7,313,457.80
1/1/2032	--	1,599,131.80	1,599,131.80	--
7/1/2032	4,115,000.00	1,599,131.80	5,714,131.80	7,313,263.60
1/1/2033	--	1,551,521.25	1,551,521.25	--
7/1/2033	4,210,000.00	1,551,521.25	5,761,521.25	7,313,042.50
1/1/2034	--	1,500,706.55	1,500,706.55	--
7/1/2034	4,310,000.00	1,500,706.55	5,810,706.55	7,311,413.10
1/1/2035	--	1,446,529.85	1,446,529.85	--
7/1/2035	4,420,000.00	1,446,529.85	5,866,529.85	7,313,059.70
1/1/2036	--	1,388,760.45	1,388,760.45	--
7/1/2036	4,535,000.00	1,388,760.45	5,923,760.45	7,312,520.90
1/1/2037	--	1,327,220.50	1,327,220.50	--
7/1/2037	4,660,000.00	1,327,220.50	5,987,220.50	7,314,441.00
1/1/2038	--	1,262,353.30	1,262,353.30	--
7/1/2038	4,790,000.00	1,262,353.30	6,052,353.30	7,314,706.60
1/1/2039	--	1,193,760.50	1,193,760.50	--
7/1/2039	4,930,000.00	1,193,760.50	6,123,760.50	7,317,521.00
1/1/2040	--	1,121,930.40	1,121,930.40	--
7/1/2040	5,075,000.00	1,121,930.40	6,196,930.40	7,318,860.80
1/1/2041	--	1,046,718.90	1,046,718.90	--
7/1/2041	5,225,000.00	1,046,718.90	6,271,718.90	7,318,437.80
1/1/2042	--	967,978.15	967,978.15	--
7/1/2042	5,380,000.00	967,978.15	6,347,978.15	7,315,956.30
1/1/2043	--	884,023.25	884,023.25	--
7/1/2043	5,550,000.00	884,023.25	6,434,023.25	7,318,046.50
1/1/2044	--	797,415.50	797,415.50	--
7/1/2044	5,725,000.00	797,415.50	6,522,415.50	7,319,831.00
1/1/2045	--	708,076.88	708,076.88	--
7/1/2045	5,900,000.00	708,076.88	6,608,076.88	7,316,153.76
1/1/2046	--	616,007.38	616,007.38	--
7/1/2046	6,085,000.00	616,007.38	6,701,007.38	7,317,014.76
1/1/2047	--	521,050.95	521,050.95	--
7/1/2047	6,275,000.00	521,050.95	6,796,050.95	7,317,101.90
1/1/2048	--	423,129.58	423,129.58	--
7/1/2048	6,470,000.00	423,129.58	6,893,129.58	7,316,259.16
1/1/2049	--	322,165.23	322,165.23	--
7/1/2049	6,670,000.00	322,165.23	6,992,165.23	7,314,330.46
1/1/2050	--	218,079.88	218,079.88	--
7/1/2050	6,880,000.00	218,079.88	7,098,079.88	7,316,159.76
1/1/2051	--	110,717.48	110,717.48	--
7/1/2051	7,095,000.00	110,717.48	7,205,717.48	7,316,434.96
Total	$138,755,000.00	$73,439,741.06	$212,194,741.06	$212,194,741.06

(1) Payable from capitalized interest deposited in the Interest Account at closing.

OUTSTANDING GENERAL FUND OBLIGATIONS

The following is a schedule of annual payments on long-term obligations of the General Fund, including Base Rental Payments due with respect to the Bonds, assuming no optional or extraordinary redemptions prior to maturity:

Fiscal Year Ending	Series 1997A	Series 1997C	Series 2014A	Series 2019A	Series 2021A[(1)]	Total Debt Service
6/30/2021	$5,899,950	$22,630,000	$14,116,000	$13,210,000	--	$55,855,950
6/30/2022	9,219,400	23,675,000	15,526,000	10,081,375	--	58,501,775
6/30/2023	9,399,850	24,750,000	16,524,500	10,079,125	--	60,753,475
6/30/2024	9,575,550	25,865,000	16,523,250	10,081,625	$7,305,698	69,351,123
6/30/2025	9,754,100	27,010,000	16,524,250	10,083,500	7,307,630	70,679,480
6/30/2026	--	28,200,000	16,521,750	19,975,875	7,308,232	72,005,857
6/30/2027	--	29,430,000	16,520,250	20,019,375	7,309,231	73,278,856
6/30/2028	--	30,700,000	16,524,000	18,746,250	7,309,897	73,280,147
6/30/2029	--	32,010,000	16,522,000	17,436,125	7,310,241	73,278,366
6/30/2030	--	33,360,000	16,523,750	16,082,750	7,313,011	73,279,511
6/30/2031	--	34,760,000	16,523,250	14,685,250	7,313,458	73,281,958
6/30/2032	--	36,205,000	16,519,750	13,238,125	7,313,264	73,276,139
6/30/2033	--	37,690,000	16,522,500	11,755,875	7,313,043	73,281,418
6/30/2034	--	39,235,000	16,520,250	10,208,625	7,311,413	73,275,288
6/30/2035	--	40,820,000	16,522,250	8,621,875	7,313,060	73,277,185
6/30/2036	--	19,570,000	16,522,250	24,136,250	7,312,521	67,541,021
6/30/2037	--	--	16,524,250	29,996,625	7,314,441	53,835,316
6/30/2038	--	--	16,522,000	--	7,314,707	23,836,707
6/30/2039	--	--	16,524,500	--	7,317,521	23,842,021
6/30/2040	--	--	16,520,250	--	7,318,861	23,839,111
6/30/2041	--	--	16,523,250	--	7,318,438	23,841,688
6/30/2042	--	--	16,521,750	--	7,315,956	23,837,706
6/30/2043	--	--	16,524,500	--	7,318,047	23,842,547
6/30/2044	--	--	16,524,750	--	7,319,831	23,844,581
6/30/2045	--	--	16,521,000	--	7,316,154	23,837,154
6/30/2046	--	--	16,521,750	--	7,317,015	23,838,765
6/30/2047	--	--	--	--	7,317,102	7,317,102
6/30/2048	--	--	--	--	7,316,259	7,316,259
6/30/2049	--	--	--	--	7,314,330	7,314,330
6/30/2050	--	--	--	--	7,316,160	7,316,160
6/30/2051	--	--	--	--	7,316,435	7,316,435

Note: Debt service shown on a fiscal year basis.

(1) The interest on the Bonds through the period ending July 1,2023 is payable from capitalized interest deposited in the Interest Account. Related Base Rental Payments are omitted from this table.

THE PROPERTY

The Property consists of the following City-owned properties: (1) East Anaheim Gymnasium, located at 8165 East Santa Ana Canyon Road, an approximately 9,760 square foot facility completed in 2007, providing youth and adult sports and fitness programs; (2) Anaheim Police Station Main, located at 425 South Harbor Boulevard, an approximately 219,342 square foot facility completed in 1963 and most recently renovated in 1992; (3) East Anaheim Library and Police Station, located at 8201 East Santa Ana Canyon Road, an approximately 73,636 square foot facility completed in 1992 and acquired by the City in 2000; (4) City Hall, located at 200 South Anaheim Boulevard, consisting of approximately 209,036 square feet of municipal facilities housing government offices, public records, and government services completed in 1980; and (5) Canyon Hills Library, located at 400 Scout Trail, consisting of approximately 211,232 square feet of library space completed in 1981, and approximately 71 parking stalls.

All portions of the Property are currently in a state of good repair and are available for use as contemplated under the Lease Agreement. The City and the Authority have agreed and determined that as of the date of issuance of the Bonds, the Property has an annual fair rental value greater than or equal to the maximum Base Rental Payments payable by the City in any Rental Period.

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement including that the Property, as constituted after such substitution or release, have an annual fair rental value greater than or equal to 105% of the maximum Base Rental Payments payable by the City in any Rental Period. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Substitution or Release of the Property."

THE AUTHORITY

The Authority was created under the State's Joint Exercise of Powers Act pursuant to a Joint Powers Agreement, dated January 28, 1992 (the "Joint Powers Agreement"), by and between the City and the Redevelopment Agency of the City of Anaheim (the "Anaheim Redevelopment Agency"). Effective February 1, 2012, the Anaheim Redevelopment Agency was dissolved as required by the redevelopment agency dissolution law. On January 10, 2012, the City Council elected to have the City serve as the successor agency to the Anaheim Redevelopment Agency. Pursuant to California Health & Safety Code Section 34178(b)(3), joint powers agreements in which the former redevelopment agency is a member of the joint powers authority remain valid and bind the successor agency, subject to the constraints on the successor agency under the redevelopment agency dissolution law. Pursuant to the Joint Powers Agreement, as amended, the Authority may enter into agreements to acquire, construct, maintain, improve, renovate, repair and expand certain real property, buildings, works and improvements and acquire, maintain, lease and operate certain personal property and equipment. The Authority also has the authority to issue bonds and incur indebtedness.

The members of the City Council of the City serve as the members of the Board of Directors of the Authority. See "CITY OF ANAHEIM" below.

The Authority may issue bonds and may enter into leases to finance facilities other than the Property. The administrative costs of the Authority shall be allocated among said facilities and the Property.

The Authority has no financial liability to the Owners of the Bonds with respect to the payment of Base Rental Payments by the City or with respect to the performance by the City of the other agreements and covenants it is required to perform.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 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 international public finance (including infrastructure) and structured finance markets and asset management services. 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 October 29, 2020, KBRA announced it had 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.

On July 16, 2020, S&P announced it had 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 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's 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, 2020.

Capitalization of AGM

At March 31, 2021:

- The policyholders' surplus of AGM was approximately $2,805 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $959 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,121 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

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, 2020 (filed by AGL with the SEC on February 26, 2021); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021).

All 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."

CITY OF ANAHEIM

General Description

The City was founded and incorporated in 1857. No change in organization took place until June 1964, when the local voters approved a City Charter (the "Charter"). In 2014, Charter amendments were approved to change the City's election of City Council members from at-large voting to "by-district" voting and increase the number of City Council members from four to six (plus the Mayor). The Mayor and the other six City Council members are elected to four year terms in alternate slates every two years. The Mayor presides over meetings of the City Council and has one vote.

The City operates under the Charter and with a Council Manager form of government. The City Council appoints the City Manager, who heads the executive branch of government, implements City Council directives and policies, and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

City authorized full time positions numbered 1,946 as of June 30, 2020, of whom 591 were assigned to the Police Department and 276 to the Fire Department, 236 to public works and 352 to public utilities. The City covers 50 square miles and is located in the northern portion of Orange County, about 28 miles southeast of downtown Los Angeles and about 90 miles north of San Diego. The City lies on a coastal plain which is bordered by the Pacific Ocean on the west and the Santa Ana Mountains on the east.

The City is in the center of an area with 21.1 million people which is comprised of Orange, San Diego, Los Angeles, Riverside and San Bernardino counties. Major freeways in and through the City provide convenient access for industries to labor markets and recreation and commerce to consumers of an even broader area.

See also, APPENDIX A – "GENERAL DEMOGRAPHIC INFORMATION REGARDING THE CITY OF ANAHEIM."

Tourism and Community and Recreational Facilities

Tourism is a major industry in the City. Much of that industry is centered around the Anaheim Resort, an approximate 1,100 acre area that includes the area immediately surrounding the Disneyland Resort and the Anaheim Convention Center. This is an approximately 2.2 square mile area that consists of a majority of the City's approximately 20,500 hotel and motel rooms. Overall, the City has about 150 lodging establishments and 600 restaurants in a broad range of styles, ethnicities and price ranges.

Recreational and amusement facilities in the City, in addition to the Disneyland Resort and Anaheim Convention Center, include Downtown Disney, Anaheim GardenWalk, House of Blues-Anaheim, the Angel Stadium (home to the Los Angeles Angels, Major League Baseball team, and concert/entertainment venue), the Honda Center (home to the Anaheim Ducks of the National Hockey League and concert/entertainment venue), and the City National Grove of Anaheim. Within one hour's drive from the City are Knott's Berry Farm in the adjacent City of Buena Park, the Los Alamitos Race Course, the renowned Spanish Mission of San Juan Capistrano, and the Art Colony at Laguna Beach, which sponsors an annual art festival, and numerous cultural events and attractions in Los Angeles. The Newport Harbor area, a few miles south of the City, provides anchorage facilities for approximately 4,600 private boats. Boat launching ramps, deep sea fishing, scuba-diving, and other aquatic activities are readily accessible. Within a two-hour drive are numerous summer and winter resort areas in the San Bernardino and San Jacinto mountains.

Other cultural and recreational facilities located in the City include the MUZEO museum and cultural arts center, Anaheim Ice, the practice rink for National Hockey League's Anaheim Ducks, and the American Sports Center, the largest indoor sports complex in the world, and ARTIC, a transit hub in the Platinum Triangle, a growing and dynamic mixed use area, and within walking distance of both the Angel Stadium and the Honda Center.

CITY OF ANAHEIM FINANCES

The following selected financial information provides a brief overview of the City's finances. This financial information has been extracted from the City's audited financial statements and, in some cases, from unaudited information provided by the City's Finance Department. The most recent audited financial statements of the City, together with the unqualified auditor's opinion are included as Appendix B hereto.

Accompanying the Independent Auditor's Report in Appendix B are introductory materials entitled the City's Letter of Transmittal, and Management's Discussion and Analysis, which are not audited, but provide additional summary detail on the City's operations and finances. Each should be reviewed in conjunction with the information presented below to obtain an understanding of the City's financial condition. The City's Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board.

Accounting Policies and Financial Reporting

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. The three broad fund categories include governmental, proprietary and fiduciary funds. The operations of the different funds are accounted for with separate sets of self-balancing accounts with assets, liabilities, fund balance or net assets, revenues, and expenditures or expenses. The basis of accounting for all funds is more fully explained in the Notes to the City's combined audited financial statements contained in Appendix B.

The Government Finance Officers Association has awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for each of the past 44 consecutive years.

Summary of Funds

The following unaudited summaries of General Fund of the City have been prepared by the City Finance Department from audited financial statements for fiscal years ended June 30, 2016 through 2020 and from unaudited interim results for the mid-year ended December 31, 2020 and subsequent projected results for the fiscal year ended June 30, 2021, where available.

Taxes received by the City include sales and use taxes, property taxes, business license taxes, transient occupancy taxes and other miscellaneous taxes. As discussed below and under the caption "RISK FACTORS – Infectious Disease Outbreak – COVID-19," the worldwide Pandemic and California's Stay-At-Home Orders had a sudden and immediate impact on the finances and operations of the City have been and can be expected to continue to be impacted by COVID-19 in the near term. Particular financial impacts have significantly affected the City's sales and use taxes and transient occupancy taxes.

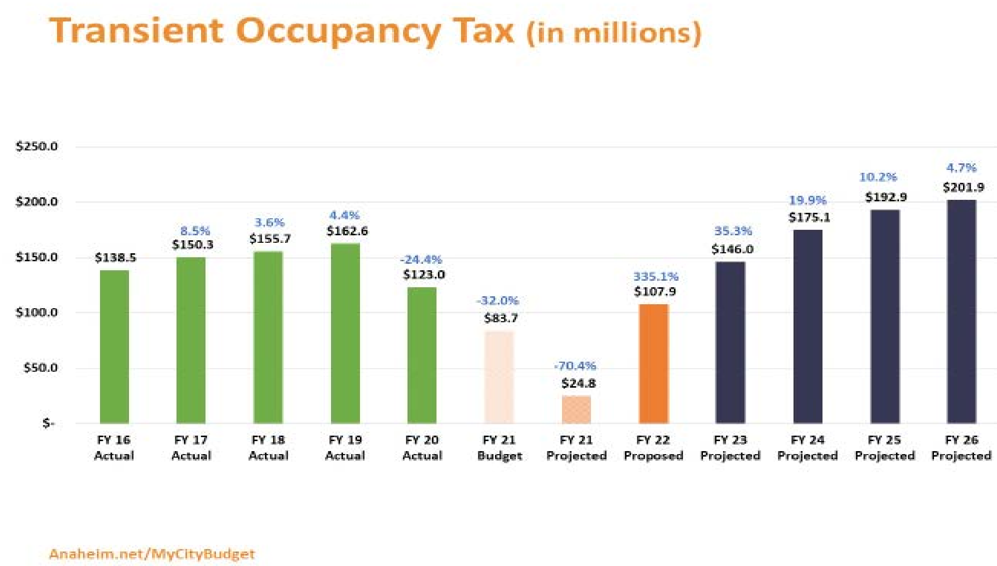
On June 23, 2020, the City adopted its Fiscal Year 2020-21 budget, which initially included total General Fund operating sources of approximately $344.2 million and total operating uses of approximately $419 million. On December 15, 2020, the City reported its mid-year budget update, projecting an approximately $114 million operating deficit (an increase of approximately $39 million over the initially adopted Fiscal Year 2020-21 budget), with the subsequent fiscal years' then projected operating deficits projected to decrease to approximately $72 million in Fiscal Year 2021-22, $31 million in Fiscal Year 2022-23, $20 million in Fiscal Year 2023-24 and $10 million in Fiscal Year 2024-25. In its March 2021 projections, the City projected its Fiscal Year 2020-21 operating deficit at $110 million, decreasing to approximately $62 million in Fiscal Year 2021-22, $46 million in Fiscal Year 2022-23, $33 million in Fiscal Year 2023-24 and $23 million in Fiscal Year 2024-25. Most recently, in connection with its proposed Fiscal Year 2021-22 budget, the City has estimated its Fiscal Year 2020-21 operating deficit at $99 million (based on information through May 2021). After taking into account federal stimulus funds from the ARP that the City received in May 2021, the City's projected remaining General Fund deficit for Fiscal Year 2020-21 is approximately $57.4 million. The City's proposed Fiscal Year 2021-22 General Fund budget and five-year forecast (Fiscal Years 2021-22 through 2025-26) projects an operating deficit for Fiscal Year 2021-22 of approximately $57 million (without giving effect to the remaining stimulus funds expected to be received by the City), decreasing to $33 million in Fiscal Year 2022-23, $17 million in Fiscal Year 2023-24, $8 million in Fiscal Year 2024-25, and $2 million in Fiscal Year 2025-26. The City currently projects its June 30, 2021 General Fund reserve balance to be $49.5 million. See "IMPACT OF COVID-19 PANDEMIC" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19." See also, APPENDIX B – "CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020."

The following is a brief discussion of transient occupancy taxes, sales and use taxes, and property taxes follows which have constituted the largest major tax revenue sources for the City for many years.

Transient Occupancy Taxes. Transient Occupancy Tax revenue is equal to 15% of room sales derived from hotel, motel, and timeshare stays of less than thirty days. For Fiscal Year 2020-21, TOT revenue is projected to end the year at approximately $25 million, which is approximately $59 million, or 70%, under budget due to COVID-19 and California's Stay-At-Home Orders. For Fiscal Year 2021-22, TOT is estimated to be $108 million, which is a 335% increase from Fiscal Year 2020-21 projections. TOT is expected to return to pre-pandemic levels in Fiscal Year 2023-24, with normal moderate growth in the last two years of the five-year forecast.

The following table sets forth the TOT revenue of the City since the fiscal year ended June 30, 2011 through 2020, and the budgeted TOT revenue of the City for the fiscal year ending June 30, 2021 and the TOT revenue currently projected for the fiscal years ending June 30, 2021 through 2026:

City of Anaheim
Transient Occupancy Tax Revenue – 15% Tax Rate
(in millions)



Source: City of Anaheim.

It is important to note that amounts equal to increases from certain Disney hotel properties above an established base are allocated to paying the Lease Payment Measurement Revenues (LPMR) as more particularly described herein (see "IMPACT OF COVID–19 PANDEMIC" and "– Unscheduled Draws On Special Reserve Fund Backed by Lease Payment Measurement Revenues" below). Although raw numbers indicate that TOT is the City's single largest source of General Fund revenue, amounts equal to a portion of the proceeds from this tax are allocated to debt service on prior Anaheim Convention Center expansions and debt service on the Anaheim Resort improvements. Conversely, when the City experiences a loss in TOT revenue, the loss is shared between all these obligations and partially shields general City services from bearing the full burden.

Sales and Use Taxes. The sales and use tax is the tax applied to the sale of tangible personal property. The City's share of sales and use tax is equal to 1% of total taxable sales generated within the City (or 1% of the 7.75% sales tax rate). The balance of the sales tax rate is distributed as follows: the State of California (5.00%), Local Public Safety (0.50%), Health and Welfare (0.50%), and Orange County Transportation Authority (0.75%), which includes 0.25% for local transportation and road improvements and 0.5% for the County's voter approved half-cent sales tax for Measure M2.

The following table sets forth the taxable transactions for the City for calendar years 2016 through third quarter of 2020 by type of business. Annual figures are not yet available for 2021.

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City of Anaheim
Taxable Transactions By Type of Business
Calendar Years 2016-2020
(dollars in thousands)

	2016	**2017**	**2018**	**2019**	**2020 Through the Third Quarter**
Motor Vehicle and Parts Dealers	$ 703,009	$ 711,553	$ 643,163	$ 665,978	$ 468,576
Home Furnishings and Appliance Stores	198,875	194,054	239,483	212,748	135,233
Bldg. Matrl. and Garden Equip. and Supplies	454,631	462,510	483,771	505,028	393,300
Food and Beverage Stores	189,107	202,819	203,134	206,053	155,952
Gasoline Stations	407,213	440,660	511,878	492,374	231,580
Clothing and Clothing Accessories Stores	126,184	125,461	122,699	121,983	58,518
General Merchandise Stores	235,205	231,683	227,420	230,244	166,782
Food Services and Drinking Places	863,315	902,033	916,273	948,601	418,446
Other Retail Group	384,183	375,042	397,909	395,891	253,417
Total Retail and Food Services	$3,561,722	$3,645,816	$3,745,729	$3,778,901	$2,281,805
All Other Outlets	3,190,426	3,350,041	3,498,194	3,492,725	1,818,559
Total All Outlets	$6,752,148	$6,995,857	$7,243,922	$7,271,626	$4,100,364

Source: California State Board of Equalization. Totals may not add due to rounding.

For Fiscal Year 2020-21, the City's sales and use tax revenues are projected to be $68.5 million, which is approximately $7 million, or 10%, below the initially adopted Fiscal Year 2020-21 adopted budget. Sales and use tax projections are based on the decline of retail, restaurants and transportation revenues beginning in March 2020 and continuing through the second quarter of Fiscal Year 2020-21 (as a result of the Pandemic and governmentally-imposed restriction imposed in response to it). For Fiscal Year 2021-22, sales and use tax is expected to grow to $83 million, which is a 21% increase from Fiscal Year 2020-21 projections as businesses slowly return to pre-pandemic levels. Based on a number of local economic forecasts, the City projects strong growth in sales and use tax initially before leveling off to a 3.5% to 4.5% projected growth rate in years four and five (Fiscal Years 2024-25 and 2025-26) of the five-year forecast. As with TOT revenues, amounts equal to sales and use tax revenues from certain Disney properties above an established base are allocated to paying the LPMR.

The following table sets forth the actual, budgeted and projected sales and use tax revenue of the City, Fiscal Years 2015-16 to 2025-26.

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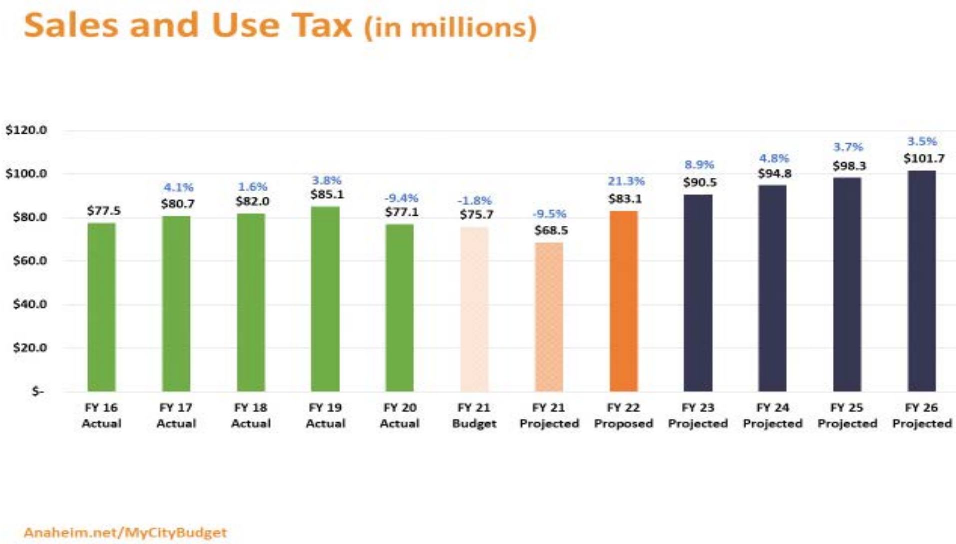
City of Anaheim
Sales and Use Tax Revenue – 1% Tax Rate
(in millions)



Source: City of Anaheim.

Property Taxes. All real and tangible personal property in the State is subject to a property tax equal to 1% of its "full cash value." Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

Property tax revenue is projected to be $85.8 million in Fiscal Year 2020-21, which is less than 1% below the adopted budget, and just slightly below the prior year's revenues. Fiscal Year 2021-22 revenues are estimated to be $89.4 million, an increase of 4%, or $3.6 million from the Fiscal Year 2020-21 projection. Total assessed valuation within the City is projected to increase 4.6% in Fiscal Year 2021-22. The impact of the pandemic on property taxes in total is expected to be moderate and delayed due to the timing of assessed valuations. In the five-year forecast, property tax revenue is estimated to flatten in Fiscal Year 2023-24 before resuming moderate growth. The City expects the impact to be merely a pause with assessed valuations growing again by approximately 3% to 3.5% in years four and five.

As with TOT and sales and use tax revenues, amounts equal to property tax revenues from certain Disney properties above an established base are allocated to paying the LPMR.

The following tables show the City's General Fund tax revenues by source, and expenditures, for the most recent five fiscal years ending June 30, 2016 through June 30, 2020. As described above, the Pandemic has altered the behavior of businesses and people in a manner that has had significant negative effects on global and local economies, and the City's receipts of TOT and sales and use taxes have been materially adversely impacted as a result of the changes in consumer activity, reduced travel and related use of resort and lodging facilities within the City. There can be no assurances what the long-term effects the Pandemic will have on the levels of consumer and business activity in the City. See "RISK FACTORS – Infectious Disease Outbreak – COVID-19" and the detail in the discussions above and elsewhere herein describing General Fund revenues by source, including TOT, sales and use taxes and other taxes, and the impacts experienced by the City to date.

Table 1
City of Anaheim
General Fund[(1)]
Summary of Revenues and Other Financing Sources[(2)]
Fiscal Years Ended June 30, 2016 through 2020
(dollars in thousands)

	2016	2017	2018	2019	2020
Property taxes[(3)]	$ 69,901	$ 72,873	$ 76,547	$ 80,822	$ 86,256
Sales and use taxes[(4)]	82,031	80,500	81,680	84,792	76,898
Transient occupancy taxes[(4)]	138,480	149,566	154,925	161,948	122,351
Other taxes	8,024	8,287	8,311	8,175	8,024
Licenses, fees and permits	18,831	18,914	24,553	21,724	21,234
Fines, forfeits and penalties	2,875	2,756	2,988	2,937	2,658
Intergovernmental revenue	2,913	2,381	2,972	8,390	24,946
Use of money and property	4,414	3,833	9,512	16,626	4,438
Charges for services	20,946	25,668	27,327	26622	31,279
Other revenues	1,005	1,198	984	960	1,122
Revenues before transfers and other financing sources	$349,420	$365,976	$389,799	$412,996	$379,206
Other financing sources	(50,131)	(60,313)	(59,054)	(60,577)	(34,342)
Total revenue and other financing sources	**$299,289**	**$305,663**	**$330,745**	**$352,419**	**$344,864**

(1) Consolidated General Fund for financial reporting.
(2) Certain amounts may have been reclassified from audited financial statements to conform with current presentation.
(3) Property taxes include the City's share of 11% residual property tax increment.
(4) Sales and use taxes and transient occupancy taxes are net of tax abatements.
Source: City of Anaheim Finance Department

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Table 2
City of Anaheim
General Fund[(1)]
Summary of Expenditures[(2)]
Fiscal Years Ended June 30, 2016 through 2020
(dollars in thousands)

	2016	2017	2018	2019	2020
Operating Expenditures:					
General government	$ 18,536	$ 19,305	$ 21,141	$ 26,540	$ 33,464
Public Safety	198,011	213,276	221,973	230,649	249,103
Community & Economic Development	1,484	2,099	1,682	1,921	2,571
Planning and Building	18,486	20,531	22,161	22,846	23,134
Public Works	17,298	18,546	20,209	20,658	22,941
Community Services	30,517	30,221	32,131	33,880	39,554
Public Utilities	2,727	2,496	2,341	2,448	2,397
Convention, Sports and Entertainment	889	708	749	1,020	816
Total operating expenditures	$287,948	$307,182	$322,387	$339,962	$373,980
Principal expenditures	--	--	--	--	--
Interest expenditures	--	--	--	--	--
Debt issuance costs	--	--	--	--	--
Capital outlay	3,151	3,012	1,530	6,675	2,132
Total expenditures	**$291,099**	**$310,194**	**$323,917**	**$346,637**	**$376,112**

(1) Consolidated General Fund balance for financial reporting.
(2) Certain amounts may have been reclassified from audited financial statements to conform with current presentation.
Source: City of Anaheim Finance Department

Table 3
City of Anaheim
General Fund - Fund Balance[(1)]
Fiscal Years Ended June 30, 2016 through 2020
(dollars in thousands)

	2016	2017	2018	2019	2020
Nonspendable	$ 958	$ 819	$ 519	$ 756	$ 308
Restricted	7,730	6,238	5,194	4,627	12,547
Committed	--	--	--	--	2,250
Assigned	7,442	2,056	11,008	15,221	6,752
Unassigned	39,850	42,336	41,556	43,455	10,954
Total Fund Balance	**$55,980**	**$51,449**	**$58,277**	**$64,059**	**$32,811**

(1) Consolidated General Fund balance for financial reporting.
Source: City of Anaheim Finance Department

Budgetary Process

The fiscal year of the City begins on the first day of July of each year and ends on the thirtieth day of June of the following year. According to the City of Anaheim Charter, the Citywide operating and capital budgets (collectively, the "budget") are adopted at the department level. The budget is approved by City Council at an advertised public hearing. Prior to approval by City Council, each department prepares its budget and presents it to the City Manager for review. Once approved, the City Manager administers the budget, which includes the authority to transfer budgeted amounts within departments. Changes to appropriation levels for any given department, however, can only be enacted by the City Council through a formal amendment to the adopted budget.

City leaders and department staff strive to present a structurally balanced General Fund budget in which expenditures, net of one-time expenditures, do not exceed projected recurring revenues. A five-year forecast of revenues and expenditures for all departments and funds is prepared each year to provide strategic insight into the annual budget process. As a management policy, budgetary control is maintained in all funds at the program level, where the work of City departments is actually performed. Sufficient funds are encumbered to cover estimated purchase amounts prior to the release of purchase orders to vendors. This helps to link high-level policy decisions to the programs and services delivered directly to the public. The City operates under the following revenue and expenditure policies:

- The City will strive to adopt an annual General Fund budget in which expenditures, net of one-time expenditures, do not exceed projected recurring revenues.

- A five-year forecast, including revenues and expenditures, is prepared annually for all funds to provide strategic perspective to each annual budget process.

- On an annual basis, the City will set fees and rates at levels that attempt to fully recover total direct and indirect costs. In the case of certain fees, the City Council has chosen to limit increases that might negatively impact City residents.

- At the end of each fiscal year, the City will transfer at least 25% of any General Fund surplus to the Neighborhood Reserves Fund for community and neighborhood improvements, provided there are sufficient resources available in the City's General Fund five-year forecast and that reserves remain at or above 7% of General Fund Expenditures.

- If new budget appropriation needs are identified at an interim period during the fiscal year, at the department level, formal budgetary authority will be requested from the City Council.

Along with the operating budget, the City Manager submits a Capital Improvement Program (CIP) to the City Council. This document provides information on improvements to the City's public Infrastructure for the ensuing fiscal year and four years thereafter. The first year of the plan establishes a capital infrastructure budget for the new fiscal year. The remaining four years serve as a guide for use in determining the long-term capital priorities of the City. The CIP is adopted at the department level. CIP expenditures are funded by a variety of sources and accounted for in a variety of funds including, but not limited to Capital Projects Funds and Enterprise Funds. The City strives to maintain a high reliance on pay-as-you-go financing for its capital improvements in order to maintain debt within prudent limits. There are no material General Fund obligations under the current CIP and the City does not anticipate incurring General Fund obligations to finance the CIP in the next five years.

In total, the budget process takes approximately eight months, beginning each November with a review of the City Council's goals for the upcoming year and ending in June with the adoption of the budget. The goals put forth by the City Council serve as the foundation upon which the budget is built. Departments typically begin the preparation of their individual budgets in December. Budgets for all Governmental Funds (for example, the General Fund) are prepared on a modified accrual basis. This means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they are earned, measurable and available.

Between January and March, the Finance Department provides a mid-year budget review to the City Council and City Manager. Following this workshop, departments submit their budgets for the next fiscal year to the Budget Office for review. From February through April, the Budget Office carefully reviews, evaluates, and prioritizes each department's budget submission. Budget Staff evaluates changes in service levels, positions, capital projects, and collects supplemental budget requests. During this time, the Budget Office also begins to analyze the Citywide revenue and expenditure projections for the upcoming fiscal year.

Following this in-depth review, the City Manager and Budget Staff meet with departments, as appropriate, in order to conduct a final review of their respective budgets and resolve any outstanding issues. Once all department submissions and approved supplemental requests are accepted by the City Manager, the Budget Office begins to prepare the proposed budget document.

At least thirty days prior to the beginning of each fiscal year, the City Manager submits to the City Council the proposed budget as prepared by the City Manager. The City Manager's proposed budget is brought forth to the City Council during a public hearing, at which time the City Council may propose revisions. The Budget, Investment and Technology (BIT) Commission also reviews the budget and presents its findings and recommendations to the City Council. Public participation is encouraged in the budget planning process through a number of Council-appointed boards and commissions, with the online tool Balancing Act, as well as through community meetings that include each Council District. In addition, public hearings are held to address plans for specific funds, such as the Anaheim Housing Authority and Community Development Block Grant monies.

At the conclusion of the public hearing, the City Council further considers the proposed budget and makes any revisions thereof that it deems advisable. On or before June 30, the City Council adopts the budget with revisions, if any, by the affirmative vote of at least a majority of the members of the City Council.

From the effective date of the budget, the amounts stated as proposed expenditures are appropriated to the departments, for the objects and purposes named. The City Manager is empowered to transfer funds from one object or purpose to another within the same department, as necessary. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. At any public meeting after the adoption of the budget, the City Council may amend or supplement the budget by the affirmative vote of at least a majority of the members of the City Council.

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as it determines, examines the books, records, inventories and reports of all officers and departments as the City Council may direct. As soon as practicable after the end of the fiscal year, a report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

Fiscal Year 2020-21 and 2021-22 Budgets

As discussed above, in its adopted Fiscal Year 2020-21 General Fund budget, as a result of the dramatic drop in TOT, sales and use tax revenues, and parking related revenues (not a significant source of General Fund revenues), the City projected an operating deficit of approximately $75 million for Fiscal Year 2020-21, decreasing to approximately $50 million in Fiscal Year 2021-22 and just under $30 million for each of the subsequent three fiscal years. The Fiscal Year 2020-21 General Fund budget included assumed expenditure reductions to address the projected $75 million operating deficit.

In its December 2020 budget revisions, with initial re-opening projections significantly lagging and with a then projected July 2021 re-opening of City theme parks, resorts and hotels, the City's projected operating deficit for Fiscal Year 2020-21 grew to approximately $114 million (an increase of approximately $39 million over the initially adopted Fiscal Year 2020-21 budget), with the subsequent fiscal years' then projected operating deficits projected to decrease to approximately $72 million in Fiscal Year 2021-22, $31 million in Fiscal Year 2022-23, $20 million in Fiscal Year 2023-24 and $10 million in Fiscal Year 2024-25. In its March 2021 projections, the City projected its Fiscal Year 2020-21 operating deficit at $110 million, decreasing to approximately $62 million in Fiscal Year 2021-22, $46 million in Fiscal Year 2022-23, $33 million in Fiscal Year 2023-24 and $23 million in Fiscal Year 2024-25.

Most recently, in connection with its proposed Fiscal Year 2021-22 budget, the City has estimated its Fiscal Year 2020-21 operating deficit at $99 million (based on information through May 2021). After taking into account federal stimulus funds from the ARP that the City received in May 2021, the City's projected remaining General Fund deficit for Fiscal Year 2020-21 is approximately $57.4 million. The City's proposed Fiscal Year 2021-22 General Fund budget and five-year forecast (Fiscal Years 2021-22 through 2025-26) projects an operating deficit for Fiscal Year 2021-22 of approximately $57 million (without giving effect to the remaining stimulus funds expected to be received by the City), decreasing to $33 million in Fiscal Year 2022-23, $17 million in Fiscal Year 2023-24, $8 million in Fiscal Year 2024-25, and $2 million in Fiscal Year 2025-26. The City currently projects its June 30, 2021 General Fund reserve to be $49.5 million. See "IMPACT OF COVID-19 PANDEMIC" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

Proposition 1A of 2004

City services are funded with money from local taxes, fees and user charges, State aid and other sources. Property tax, sales and use tax, transient occupancy tax, business license tax, parking related revenues (not a significant source of General Fund revenues) and development-related fees constitute the majority of City revenue sources.

On November 3, 2004 the voters of the State approved Proposition 1A ("Proposition 1A of 2004"). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee (VLF) revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% of local property tax revenues but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the Statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Proposition 22

Proposition 22 eliminates the State's ability to borrow or shift local revenues and certain State revenues that fund transportation programs. It restricts the State's authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties, special districts and redevelopment agencies, VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State's ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "—Proposition 1A of 2004" above. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating VLF revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009.

General Fund Financial Summary

The information contained in the following tables of revenues, expenditures and changes in fund balance, and assets and liabilities has been derived from the City's audited financial statements for Fiscal Years 2015-16 through 2019-20. The City's audited financial statements for the Fiscal Year ended June 30, 2020 are attached as Appendix B hereto. Audited financial statements for prior years are available upon request from the Finance Department of the City.

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Table 4
City of Anaheim
General Fund Balance Sheet
For Fiscal Years 2015-16 through 2019-20
(dollars in thousands)

	2015-16	2016-17	2017-18	2018-19	2019-20
ASSETS:					
Cash and cash equivalents	$ 6,992	$ 9,420	$ 9,482	$ 8,901	$ 9,521
Investments	28,477	30,772	31,390	38,625	36,956
Accounts receivable, net	15,688	16,494	17,630	17,648	9,377
Accrued interest receivable	117	165	152	277	157
Due from other funds	2,550	1,461	1,544	1,586	5,836
Due from other governments	26,368	15,020	16,983	19,532	28,089
Inventories	236	224	238	258	176
Prepaid and other assets	117	595	281	498	5,132
Restricted cash and cash equivalents	--	--	--	--	1,981
Restricted investments	--	--	--	--	8,183
Notes receivable, net	--	--	--	--	7,470
Due from Successor Agency	2,384	884	--	--	--
Total Assets	**$82,989**	**$75,035**	**$77,700**	**$87,325**	**$112,878**
LIABILITIES:					
Accounts payable	$ 7,374	$ 8,653	$ 7,948	$10,358	$ 11,902
Wages payable	3,063	3,573	3,957	4,398	4,848
Deposits	7,563	8,481	5,579	5,976	10,736
Due to other funds	1,524	35	361	585	41,147
Unearned revenue	1,278	802	589	500	1,942
Total Liabilities	**$20,802**	**$21,544**	**$18,434**	**$21,817**	**$ 70,575**
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	$ 3,823	$ 1,158	$ 989	$ 1,449	$ 9,492
Unavailable resources – due from Successor Agency	2,384	884	--	--	--
Total Deferred Inflows of Resources	**$ 6,207**	**$ 2,042**	**$ 989**	**$ 1,449**	**$ 9,492**
FUND BALANCES:					
Nonspendable:					
Interfund receivable	$ 545	--	--	--	--
Inventory	236	$ 224	$ 238	$ 258	$ 176
Prepaid and other assets	177	595	281	498	132
Restricted:					
Claims and judgments	6,635	6,035	5,124	4,627	4,125
Grant purposes	1,095	203	70	--	8,422
Committed for neighborhood and community projects	--	--	--	--	2,250
Assigned for other purposes	7,442	2,056	11,008	15,221	6,752
Unassigned:	39,850	42,336	41,556	43,455	10,954
Total Fund Balances	**$55,980**	**$51,449**	**$58,277**	**$64,059**	**$ 32,811**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$82,989**	**$75,035**	**$77,700**	**$87,325**	**$112,878**

This statement is a summary statement only. The complete Comprehensive Annual Financial Report of the City, including the Notes to the Financial Statements therein, is an integral part of this statement. For Fiscal Year 2019-20 results, see APPENDIX B – "CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020."
Source: City of Anaheim Comprehensive Annual Financial Reports for Fiscal Years 2017-18 through 2019-20.

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Table 5
City of Anaheim
General Fund Statement of Revenues and Expenditures[1]
For Fiscal Years 2015-16 through 2019-20
(dollars in thousands)

	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues:					
Property taxes	$ 69,901	$ 72,873	$ 76,547	$ 80,822	$ 86,256
Sales and use taxes	82,031	80,500	81,680	84,792	76,898[5]
Transient occupancy taxes	138,480	149,566	154,925	161,948	122,351[5]
Other taxes	8,024	8,287	8,311	8,175	8,024
Licenses, fees and permits	18,831	18,914	24,553	21,724	21,234
Intergovernmental revenues	2,913	2,381	2,972	8,390	24,946[6]
Charges for services	20,946	25,668	27,327	26,622	31,279
Fines, forfeits and penalties	2,875	2,756	2,988	2,937	2,658
Use of money and property	4,414	3,833	9,512	16,626[2]	4,438
Other[3]	1,005	1,198	984	960	1,122
Total revenues	$349,420	$365,976	$389,799	$412,996	$379,206
Expenditures:					
Current:					
City Council	$ 268	$ 673	$ 847	$ 847	$ 871
City Administration	3,322	3,001	3,702	9,494	15,979
City Attorney	6,248	7,062	6,816	6,682	7,603
City Clerk	897	1,226	1,083	1,333	985
Human Resources	1,449	1,615	1,998	2,250	2,048
Finance	6,352	5,728	6,695	5,934	5,978
Police	132,510	143,919	148,598	154,398	163,939
Fire & Rescue	65,501	69,357	73,375	76,251	85,164
Community & Economic Development	1,484	2,099	1,682	1,921	2,571
Planning & Building	18,486	20,531	22,161	22,846	23,134
Public Works	17,298	18,546	20,209	20,658	22,941
Community Services	30,517	30,221	32,131	33,880	39,554
Public Utilities	2,727	2,496	2,341	2,448	2,397
Convention, Sports & Entertainment	889	708	749	1,020	816
Capital outlay	3,151	3,012	1,530	6,675[4]	2,132
Total expenditures	$291,099	$310,194	$323,917	$346,637	$376,112
Excess of revenues over expenditures	58,321	55,782	65,882	66,359	3,094
Other financing sources (uses):					
Transfers in	$ 28,289	$ 31,644	$ 27,631	$ 27,743	$ 28,755
Transfers out	(78,420)	(91,957)	(86,685)	(88,320)	(63,097)
Total other financing sources (uses)	$ (50,131)	$ (60,313)	$ (59,054)	$ (60,577)	$ (34,342)
Net change in fund balances	$ 8,190	$ (4,531)	$ 6,828	$ 5,782	$ (31,248)
Fund balances at beginning of year	47,790	55,980	51,449	58,277	64,059
Fund balances at end of year	$ 55,980	$ 51,449	$ 58,277	$ 64,059	$ 32,811

(1) Consolidated General Fund for Financial Reporting.
(2) Increase is due to proceeds from sale of land.
(3) Other sources include business license tax; property transfer tax; fees and permits; use of money and property; fines forfeitures ,and penalties; reimbursements; intergovernmental; and intragovernmental service charges.
(4) Increase is due to acquisition and renovation of Homeless Shelters.
(5) Decreases in Sales and Use Taxes and Transient Occupancy Taxes are due to COVID-19 and California Stay-At-Home Orders.
(6) Increase is due to portion of CARES Fund allocation.

Note: Certain amounts may have been reclassified from audited financial statements to conform with current presentation.
Source: City of Anaheim Finance Department

The following table sets forth the General Fund budget information for Fiscal Years 2018-19 and 2019-20 together with final actual results for such fiscal years, the General Fund budget for Fiscal Year 2020-21 as approved and adopted by the City Council on June 23, 2020, and the proposed General Fund budget for Fiscal Year 2021-22, which is expected to be approved and adopted by the City Council on June 22, 2021.

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Table 6
City of Anaheim
General Fund Budget Summary[1]
For Fiscal Years 2018-19 through 2021-22
(dollars in thousands)

	Fiscal Year 2018-19 Adopted[2]	Fiscal Year 2018-19 Actual	Fiscal Year 2019-20 Adopted[2]	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Adopted[3]	Fiscal Year 2021-22 Proposed
Revenues:						
Property taxes[4]	$ 80,053	$ 80,822	$ 83,944	$ 86,256	$ 90,277	$ 93,698
Sales and use taxes[5]	85,518	84,792	88,693	76,898	75,386	82,882
Transient occupancy taxes[5]	161,651	161,948	173,372	122,351	82,840	107,922
Other taxes	8,262	8,175	8,302	8,024	8,502	7,403
Licenses, fees and permits	24,953	21,724	20,789	21,234	18,091	18,464
Intergovernmental revenues	3,613	8,390	3,442	24,946	3,707	58,699
Charges for services	20,314	26,622	31,635	31,279	30,944	34,079
Fines, forfeits and penalties	2,900	2,937	2,900	2,658	2,600	2,725
Use of money and property	2,661	16,626	2,705	4,438	2,976	2,972
Other	912	960	990	1,122	1,096	1,166
Total revenues	390,837	412,996	416,772	379,206	316,419	410,010
Expenditures:						
City Council	935	847	999	871	738	872
City Administration	4,059	9,494	10,786	15,979	11,825[6]	14,066
City Attorney	6,905	6,682	7,638	7,620	6,618	7,614
City Clerk	1,656	1,333	1,265	985	1,152	1,253
Human Resources	2,324	2,250	2,187	2,048	1,571	2,315
Finance	6,375	5,934	6,138	5,978	4,489	6,717
Police	155,747	154,398	165,343	164,001	140,845	169,665
Fire & Rescue	73,997	76,617	82,213	85,354	69,082	88,938
Community and Economic Development	3,056	5,883	2,761	2,699	3,063	9,908
Planning & Building	22,515	22,846	23,785	23,134	19,838	23,336
Public Works	19,290	22,702	20,956	24,236	17,680	23,573
Community Services	34,317	34,183	36,869	39,994	30,494	37,417
Public Utilities	2,500	2,448	2,606	2,397	1,733	2,210
Convention, Sports and Entertainment	837	1,020	898	816	845	847
Total expenditures	334,513	346,637	364,444	376,112	309,973	388,731
Excess (deficiency) of revenues over (under) expenditures	56,324	66,359	52,328	3,094	6,446	21,279
Other financing sources (uses):						
Transfers in	28,417	27,743	28,714	28,755	28,893	25,791
Transfers out	(85,565)	(88,320)	(89,624)	(63,097)	(47,075)	(62,370)
Bond Proceeds						13,200
Total other financing uses	(57,148)	(60,577)	(60,910)	(34,342)	(18,182)	(23,379)
Net change in fund balance	$ (824)	$ 5,782	$ (8,582)	$ (31,248)	$ (11,736)	$ (2,100)
Fund balance at beginning of year	58,277	58,277	64,059	64,059	32,811	21,075
Fund balance at end of year	$ 57,453	$ 64,059	$ 55,477	$ 32,811	$ 21,075	$ 18,975

(1) Consolidated General Fund for Financial Reporting
(2) During the fiscal years, the original budgets were amended to increase appropriations by $16,474 (Fiscal Year 2018-2019) and $19,731 (Fiscal Year 2019-2020). The increases in appropriations were primarily the result of carry-over of prior years' appropriations and budget amendments.
(3) The Fiscal Year 2020-2021 adopted budget included a 20% reduction or $75 million reduction in appropriation for all departments as a placeholder. Assuming the delivery of the Bonds, the City will receive $57.4 million allocable to Fiscal Year 2020-21 which was not included in the adopted General Fund budget for Fiscal Year 2020-2021 and not reflected in this table.
(4) Property taxes include the City's share of 11% residual property tax increment.
(5) Sales and use taxes and transient occupancy taxes are net of tax abatements.
(6) City Administration Adopted budget includes a one-time $8.8 million homeless shelter expenditures. The restricted funding source was received in the prior fiscal year.

Source: City of Anaheim Finance Department.

The following table sets forth the summary General Fund budget information for Fiscal Year 2020-21 as approved and adopted by the City Council on June 23, 2020 and updated in December 2020 and March 2021, as well as the proposed Fiscal Year 2021-22 General Fund Budget, to be presented for approval and adoption by the City Council on June 22, 2021.

As a matter of projections and assumptions herein, the City's Finance Department currently expects no materially adverse changes in year end 2020-21 General Fund budget results as compared to the most recent Fiscal Year 2020-21 revised General Fund budget information shown below, nor any materially adverse changes in the proposed Fiscal Year 2021-22 General Fund Budget as may be compared to the Fiscal Year 2021-22 General Fund Budget to be presented for approval and adoption by the City Council on June 22, 2021.

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Table 7
City of Anaheim
General Fund Budget Summary
For Fiscal Years 2020-21 through 2021-22
(dollars in millions)

	Fiscal Year 2020-21 Adopted				**Mid-Year Update**				**March 2021 Update**				**May 2021 Update**				**Fiscal Year 2021-22 Proposed**			
	General Fund Only	**Other General Purpose Funds**	**Reclassifications for Financing Reporting Purposes**	**Consolidated General Fund for Financing Reporting Purposes**	**General Fund Only**	**Other General Purpose Funds**	**Reclassifications for Financing Reporting Purposes**	**Consolidated General Fund for Financing Reporting Purposes**	**General Fund Only**	**Other General Purpose Funds**	**Reclassifications for Financing Reporting Purposes**	**Consolidated General Fund for Financing Reporting Purposes**	**General Fund Only**	**Other General Purpose Funds**	**Reclassifications for Financing Reporting Purposes**	**Consolidated General Fund for Financing Reporting Purposes**	**General Fund Only**	**Other General Purpose Funds**	**Reclassifications for Financing Reporting Purposes**	**Consolidated General Fund for Financing Reporting Purposes**
Operating Sources																				
Transient Occupancy Taxes	83.7		(0.9)	82.8	21.4		(0.1)	21.3	24.8		(0.1)	24.7	24.8		(0.1)	24.7	107.9			107.9
Sales and Use Taxes	75.7		(0.3)	75.4	57.8		(0.1)	57.7	64.8		(0.1)	64.7	68.5		(0.1)	68.4	83.1		(0.2)	82.9
Property Taxes	86.5		3.8	90.3	86.5		3.8	90.3	85.8		3.8	89.6	85.8		3.8	89.6	89.4		4.3	93.7
Other Revenues	69.1	12.8	(14.0)	67.9	69.7	8.0	(14.0)	63.7	68.1	8.0	(14.0)	62.1	85.2	8.2	(14.0)	79.4	71.7	14.6	(14.2)	72.1
Transfers In	29.2	3.7	(4.3)	28.6	29.2	3.7	(4.3)	28.6	26.5	3.7	(4.3)	25.9	26.5	3.0	(4.3)	25.2	26.1	3.2	(3.5)	25.8
Total Operating Sources	**344.2**	**16.5**	**(15.7)**	**345.0**	**264.6**	**11.7**	**(14.7)**	**261.6**	**270.0**	**11.7**	**(14.7)**	**267.0**	**290.8**	**11.2**	**(14.7)**	**287.3**	**378.2**	**17.8**	**(13.6)**	**382.4**
Operating Uses																				
Total Expenditures	(368.6)	(18.9)	10.2	(377.3)	(349.6)	(11.0)	10.2	(350.4)	(351.5)	(11.0)	10.2	(352.3)	(362.4)	(10.1)	10.2	(362.3)	(369.8)	(19.0)	10.1	(378.7)
Transfers Out	(50.5)	(0.6)	5.5	(45.6)	(28.8)	(0.6)	4.5	(24.9)	(27.0)	(0.6)	4.5	(23.1)	(27.1)	(1.0)	4.5	(23.6)	(65.1)	(0.8)	3.5	(62.4)
Total Operating Uses	**(419.1)**	**(19.5)**	**15.7**	**(422.9)**	**(378.4)**	**(11.6)**	**14.7**	**(375.3)**	**(378.5)**	**(11.6)**	**14.7**	**(375.4)**	**(389.5)**	**(11.1)**	**14.7**	**(385.9)**	**(434.9)**	**(19.8)**	**13.6**	**(441.1)**
Total Operating Deficit	**(74.9)**	**(3.0)**	**-**	**(77.9)**	**(113.8)**	**0.1**	**-**	**(113.7)**	**(108.5)**	**0.1**	**-**	**(108.4)**	**(98.7)**	**0.1**	**-**	**(98.6)**	**(56.7)**	**(2.0)**	**-**	**(58.7)**
One-time Sources and Uses:																				
Homeless Shelters (net of revenue)	(8.8)			(8.8)	(12.4)			(12.4)	(12.1)			(12.1)	(12.1)			(12.1)	(10.0)			(10.0)
Federal Stimulus									53.8			53.8	53.3			53.3	53.3			53.3
Series 2021A Bond Proceeds	-			-	-			-	-			-	57.4			57.4	13.2			13.2
Total One-time Sources and Uses	**(8.8)**	**-**	**-**	**(8.8)**	**(12.4)**	**-**	**-**	**(12.4)**	**41.7**	**-**	**-**	**41.7**	**98.6**	**-**	**-**	**98.6**	**56.5**	**-**	**-**	**56.5**
Total Change in Reserves	**(83.7)**	**(3.0)**	**-**	**(86.7)**	**(126.2)**	**0.1**	**-**	**(126.1)**	**(66.8)**	**0.1**	**-**	**(66.7)**	**(0.1)**	**0.1**	**-**	**-**	**(0.2)**	**(2.0)**	**-**	**(2.2)**

Source: City of Anaheim Finance Department

On June 23, 2020, the City adopted its Fiscal Year 2020-21 budget, which initially included total General Fund operating sources of approximately $344.2 million. At the time of the adoption of the initially adopted Fiscal Year 2020-21 budget, the City assumed, among other things, the reopening of the City theme parks, resorts and hotels in September 2020. These re-openings did not occur as originally projected but have recently occurred with limitations on capacity. The initially adopted Fiscal Year 2020-21 budget projected operating uses to exceed resources by $75 million, which was addressed by expenditure reductions.

On December 15, 2020, the City reported its mid-year budget update, reflecting further considerations and assumptions informed by the progression of the impact of the Pandemic. In the mid-year budget update, the City projected a July 2021 reopening of City theme parks, resorts and hotels, and an approximately $114 million operating deficit (an increase of approximately $39 million over the initially adopted Fiscal Year 2020-21 budget). General fund operating sources were then projected to be approximately $264.6 million (a 23% decrease from the Fiscal Year 2020-21 adopted General Fund budget).

The General Fund has been severely impacted by the Pandemic, substantially attributable to the Stay-At-Home Orders and travel restrictions that substantially reduced revenue from TOT and also reduced revenues from sales and use taxes. In June 2020, in connection with the initial development of the Fiscal Year 2020-21 budget, the City analyzed various business reopening scenarios. Then, assuming that hotels and tourism would slowly begin to reopen in the fall of 2020, base level service costs and then-current revenue projections, the City projected a General Fund shortfall of between $75 and $100 million. In order to address this shortfall, the adopted budget includes budget reductions of 20%, or $75 million, across all General Fund departments in Fiscal Year 2020-21. That 20% was the approximate amount of the structural deficit and was intended to be a placeholder as reduction strategies were implemented.

In the mid-year budget update, the City projected TOT revenue collections of just over $21 million, a decline of more than $60 million from the initially adopted Fiscal Year 2020-21 budget. This projection represented a 75% reduction from an initial 2020-21 projection of $83.7 million, a reduction of 83% from $122 million received during the prior fiscal year (2019-20) and a reduction of 87% from $162 million received during the last full pre-Pandemic fiscal year (2018-19).

In the mid-year budget update, the City projected sales and use tax revenue collections of just over $57 million, a decline of nearly $18 million from the initially adopted Fiscal Year 2020-21 budget. This projection represents a 24% reduction of sales and use tax revenues from an initial 2020-21 projection of $75.7 million, a reduction of 25% from $77.0 million received during the prior fiscal year (2019-20), and a reduction of 32% from $85.1 million received during the last full pre-Pandemic fiscal year (2018-19).

Property tax revenues were projected in the mid-year budget update to be approximately $86.5 million for Fiscal Year 2020-21, unchanged from an initial 2020-21 projection and up 5% from $82.4 million received during the prior fiscal year (2019-20).

In the mid-year budget update, the City anticipated General Fund operating sources of $264.6 million, an approximately $120 million decrease from Fiscal Year 2019-20, largely due to declines in TOT and sales and use taxes as a result of the Pandemic. Total General Fund operating sources were projected to be lower than the adopted budget by almost $80 million. These changes resulted in an increase in the near-term operating deficits projected in the fiscal year initially adopted Fiscal Year 2020-21 budget.

In its March 2021 projections, the City projected TOT revenue collections of just under $25 million, a decline of nearly $59 million from the initially adopted Fiscal Year 2020-21 budget. This projection represents a 70% reduction from an initial 2020-21 projection of $83.7 million, a reduction of 80% from $123 million received during the prior fiscal year (2019-20) and a reduction of 85% from $162 million received during the last full pre-Pandemic fiscal year (2018-19).

In its March 2021 projections, the City projected sales and use tax revenue collections of nearly $65 million, a decline of nearly $11 million from the initially adopted Fiscal Year 2020-21 budget. This projection represents a 14% reduction of sales and use tax revenues from an initial 2020-21 projection of $75.7 million, a reduction of 16% from $77.1 million received during the prior fiscal year (2019-20), and a reduction of 24% from $85.1 million received during the last full pre-Pandemic fiscal year (2018-19).

In its March 2021 projections, the City projected property tax revenues of $85.8 million for Fiscal Year 2020-21, slightly less than the initial 2020-21 projection and up 4% from $82.4 million received during the prior fiscal year (2019-20).

In the March 2021 projections, the City anticipated General Fund operating sources of $270.0 million. Total sources were projected to be lower than the adopted budget by $74 million. These changes resulted in an increase in the near-term operating deficits projected in the Fiscal Year 2020-21 budget.

Most recently, in its May 2021 projections prepared in connection with its proposed Fiscal Year 2021-22 budget, in the year end projections for Fiscal Year 2020-21, revenue projected had improved slightly as compared to the March 2021 projections. The City has estimated its Fiscal Year 2020-21 General Fund operating sources at $291 million and operating uses at $389 million, with the year-end operating deficit for Fiscal Year projected at $99 million. After taking into account federal stimulus funds that the City received in May 2021, the City's projected remaining General Fund deficit for Fiscal Year 2020-21 is approximately $57.4 million.

The proposed Fiscal Year 2021-22 General Fund budget projects operating sources of $378 million and operating uses at $435 million. Proceeds of the Bonds and projected federal stimulus of $53.5 million balances the Fiscal Year 2021-22 General Fund budget and meets projected homeless shelter expenditures. While tourism was hit very hard with the shutdowns, the proposed budget anticipates that hotels and tourism are on pace to begin to resume regular operations. The following table provides an illustration of the most recent projections prepared for the proposed Fiscal Year 2021-22 budget and five-year forecast, including the use of one-time revenue sources or limited programs including the ARP stimulus discussed above.

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Table 8
City of Anaheim
General Fund 5-Year Forecast
(amounts in millions)

	Fiscal Year 2020-21 Projected	Fiscal Year 2021-22 Proposed	Fiscal Year 2022-23 Projected	Fiscal Year 2023-24 Projected	Fiscal Year 2024-25 Projected	Fiscal Year 2025-26 Projected
Sources						
Transient Occupancy Taxes	24.8	107.9	146.0	175.1	192.9	201.9
Sales and Use Taxes	68.5	83.1	90.5	94.8	98.3	101.7
Property Taxes	85.8	89.4	92.4	92.4	95.7	98.6
Other Revenues	85.2	71.7	74.3	75.9	75.8	77.1
Transfers In	26.5	26.1	26.8	27.2	27.7	27.5
Total Operating Sources	**290.8**	**378.3**	**430.0**	**465.5**	**490.3**	**506.7**
Operating Uses						
Expenditures	362.4	369.8	383.8	393.9	402.9	409.5
Transfers Out	27.1	65.1	79.1	88.9	95.4	99.2
Total Operating Uses	**389.4**	**434.9**	**462.9**	**482.8**	**498.3**	**508.7**
Operating Deficit	**(98.6)**	**(56.6)**	**(32.8)**	**(17.3)**	**(8.0)**	**(2.0)**
One-Time/Limited Programs						
Homeless Shelters (net of Revenue)	(12.1)	(10.0)	(10.2)	(5.3)	(0.2)	(0.2)
Federal Stimulus	53.3	53.3				
Series 2021A Bond Proceeds	57.4	13.2	43.1	16.3		
Series 2021A Debt Service Payments				(7.3)	(7.3)	(7.3)
Total Change in Reserves	**0.0**	**0.0**	**0.0**	**(13.6)**	**(15.5)**	**(9.5)**

Source: City of Anaheim Finance Department, Budget Office

Reflected in the budget figures above, the City anticipates receiving approximately $107 million (of which $53.3 million has already been received as of May 2021) through the federal $1.9 trillion ARP which will likely be used to support services while City revenues recover. The substantial portion of such funds are expected to be allocated to General Fund to partially offset revenue losses due to COVID-19 expenditures.

As a result of Stay-At-Home Orders from the State, hotels and entertainment venues had been mostly closed until recent months. On April 30, 2021, Disneyland Theme Parks reopened at 25% capacity. Angels Stadium was permitted to open at 33% capacity and Honda Center is currently operating at 10% capacity. The Anaheim Convention Center is also reopened, with over 20 trade shows currently scheduled for the summer and fall of 2021. The Governor of California has announced most statewide Pandemic restrictions may be lifted by June 15, 2021, contingent on certain public health metrics to be assessed at that time. This easing of restrictions permits the Disneyland Resort Theme Parks to admit guests from outside of California (subject to continuing health and safety processes), the Downtown Disney District to open without restrictions, Disney's Paradise Pier Hotel to reopen on June 15, 2021 with reduced capacity, and the Disneyland Hotel to reopen on July 2, 2021, with reduced capacity. Certain restrictions applicable to large gatherings (particularly the indoor resort and event and spectator sport gatherings) are expected to be in place effective June 15, 2021 through October 1, 2021. Attendance cannot be predicted with any certainty at this point. Many economists are predicting that tourism could take several years to fully recover, especially international travel.

The information provided above is based upon currently available information and assumptions considered as part of the City's development of is proposed Fiscal Year 2021-22 budget. The City cannot predict with any certainty what further impact the Pandemic may have on the City's general financial condition or City operations. Nor can the City predict the duration of the Pandemic, the ultimate duration or potential for re-instatement of Stay-At-Home Orders and restrictions or travel restrictions and warnings, whether additional countries or destinations will be added to existing travel restrictions or warnings, and what ongoing effects such Stay-At-Home Orders and restrictions and travel restrictions and warnings may have on future tourism-related revenues. There can be no guarantee that TOT, sales and use taxes and property taxes received by the City will not be negatively impacted by changes in consumer activity resulting from the Pandemic, nor that such taxes to be collected in the future will be consistent with historical collection trends.

Assessed Valuations

The City uses the facilities and services of the County of Orange (the "County") for the assessment and collection of property taxes. City taxes are collected at the same time and on the same tax rolls as are the County, City and special district taxes. Assessed valuations are the same for both City and County taxing purposes.

The valuation of property in the City is established by the Orange County Assessor, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. Prior to Fiscal Year 1981-82, assessed valuations were reported at 25% of the full value of the property. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The California State Legislature adopted two types of State-reimbursed exemptions beginning in the tax year 1969-70. The first currently exempts 100% of the full value of business inventories from taxation. The second exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the Orange County Assessor. Revenue estimated to be lost to local taxing agencies due to the above exemptions has in the past been reimbursed from State sources. Reimbursement is based upon total taxes due upon such exemption values and therefore is not reduced by any estimated amount of actual delinquencies.

The following table sets forth the assessed valuations, excluding redevelopment incremental value, total City tax levies, total current tax levy collections, collection percentage, and per capita assessed valuation for ten fiscal years ending June 30, 2020. Such assessed valuation for the fiscal year ending June 30, 2021 is approximately $43.8 billion.

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Table 9
City of Anaheim
Assessed Valuation and Tax Collection Record
(dollars in thousands)

Fiscal Year Ended June 30	Assessed Valuation	Total City Tax Levy	Total Current Tax Levy Collection	% of Current Tax Levy Collected	Population (000s)	Per Capita Assessed Valuation
2011	$29,878,214	$33,512	$32,517	97.03%	341	88
2012	30,041,674	33,598	32,560	96.91	344	87
2013	30,874,486	34,813	34,116	98.00	346	89
2014	31,814,617	36,293	35,558	97.97	348	91
2015	33,539,662	38,365	37,456	97.63	352	95
2016	34,582,055	40,026	38,832	97.02	358	97
2017	35,905,110	40,787	39,710	97.36	359	100
2018	37,374,790	42,432	41,578	97.99	357	105
2019	39,400,988	44,588	43,630	97.85	357	110
2020	42,019,322	47,082	46,223	98.18	357	118

Sources: City of Anaheim, California Department of Finance and California Municipal Statistics, Inc.

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Principal Property Taxpayers

The following table sets forth the twenty largest secured property taxpayers in the City and their 2019-20 assessed valuations:

Table 10
City of Anaheim
Largest Local Secured Taxpayers

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	Percentage of 2019-20 Total[(1)]
1	Walt Disney World Co.	Theme Park	$5,473,423,497	11.73%
2.	HHC HA Investments II Inc.	Commercial	215,973,287	0.46
3.	Anaheim Concourse ILP LLC	Commercial	195,822,687	0.42
4.	US REIF MG Madison Park CA LLC	Apartments	131,441,753	0.28
5.	ACC LLC	Commercial	125,500,000	0.27
6.	Irvine Company LLC	Apartments	121,275,764	0.26
7.	Advanced Group 18-116	Apartments	113,832,000	0.24
8.	Teachers Insurance & Annuity Association	Industrial	111,071,924	0.24
9.	CH Realty VIII-Redhill MF	Apartments	107,960,880	0.23
10.	Prologis California I LLC	Industrial	102,767,484	0.22
11.	Gateway Apartments II LLC	Apartments	98,264,501	0.21
12.	Angeli LLC	Commercial	97,741,875	0.21
13.	OTR	Commercial	97,250,037	0.21
14.	Mary Susan Samia Trust	Commercial	95,895,717	0.21
15.	Jefferson Platinum Triangle LLC	Apartments	95,590,758	0.20
16.	Essex Anavia LP	Residential Properties	92,708,466	0.20
17.	Jefferson at Stadium Park	Apartments	84,273,339	0.18
18.	Platinum Vista Apartments	Apartments	83,565,966	0.18
19.	Rreef America REIT II Corp.	Industrial	83,120,475	0.18
20.	Axis Campus Owner LLC	Commercial	83,100,000	0.18
Total			**$7,610,580,410**	**16.30%**

(1) 2019-20 Local Secured Assessed Valuation: $46,680,830,870
Source: California Municipal Statistics, Inc.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of real property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State and County assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and 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 tax-defaulted property is subject to sale by the Treasurer and Tax Collector of the County of Orange. See "– The Teeter Plan" for further information regarding the collection and distribution of delinquent property taxes, describing the alternative method of distribution of tax levies and collections and of tax sale proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code.

Property taxes on the unsecured roll are assessed as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer. City taxes are collected on the same bill as County taxes.

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein for information on the effect, if any, of current litigation on assessed values in the City or the availability of revenue sources which may be provided by the State to replace lost property tax revenues.

The following tabulation shows the secured taxes levied by the City during the past ten fiscal years, together with the total amounts and percentages of taxes uncollected as of June 30 of each fiscal year.

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Table 11
City of Anaheim
Property Tax Rates, Secured Levies and Collections and Delinquencies
For Fiscal Years 2010-11 through 2019-20
(dollars in thousands)

Fiscal Year	Total Secured Tax Levy	Current Secured Tax Collections	Percent of Levy Collected	Delinquent Secured Tax Collections(1)	Total Tax Collections	Total Secured Tax Collections as Percent of Total Tax Levy
2010-11	$33,512	$32,517	97.03%	$558	$33,075	98.70%
2011-12	33,598	32,560	96.91	512	33,072	98.43
2012-13	34,813	34,116	98.00	384	34,500	99.10
2013-14	36,293	35,558	97.97	460	36,018	99.24
2014-15	38,365	37,456	97.63	414	37,870	98.71
2015-16	40,026	38,832	97.02	382	39,214	97.97
2016-17	40,787	39,710	97.36	342	40,052	98.20
2017-18	42,432	41,578	97.99	336	41,740	98.37
2018-19	44,588	43,630	97.85	360	43,989	98.66
2019-20	47,082	46,223	97.18	243	46,466	98.69

(1) Exclusive of penalties and collections related to tax overrides for debt service on general obligation bonds.

(2) Reflects the City's proportionate share of county-wide outstanding delinquencies. The distribution of secured tax revenues is subject to the County's Teeter Plan, pursuant to which the County has elected to provide local agencies and taxing areas with full tax and assessment levies instead of actual tax and assessment collections. See "CITY OF ANAHEIM FINANCES – The Teeter Plan."

Source: Orange County Auditor-Controller.

The Teeter Plan

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of the Teeter Plan by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. See "RISK FACTORS – Infectious Disease Outbreak – COVID-19" for information regarding the potential for a grant of waivers on penalties, based on application and approval, benefiting taxpayers that do not make timely payment of property taxes due to the COVID-19 virus.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. The Orange County Board of Supervisors adopted the Teeter Plan on June 29, 1993. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. See "RISK FACTORS – Teeter Plan Termination." The County has never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of special taxes and assessments (if a county has elected to include assessments), 100% of the special tax delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the special tax. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a *pro rata* adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, the County's Teeter Plan may help protect the Owners of the Bonds from the risk of delinquencies in the payment of property taxes allocable to the City.

Dissolution of Redevelopment

On December 29, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association et al v. Matosantos et al*. The net effect of the decision was to require all California redevelopment agencies, including the Anaheim Redevelopment Agency (the "Former RDA"), to be dissolved as of February 1, 2012. The City Council elected to become the Successor Agency to the Former RDA in order to satisfy all enforceable obligations of the Former RDA until paid, as well as to retain housing assets and functions of the Former RDA. California redevelopment law allows sufficient tax revenues to be allocated to the Successor Agency in an amount equal to pay debt service that is deemed to be an enforceable obligation. The assets and activities of the dissolved redevelopment agency are reported in a private-purpose trust fund in the financial statements of the City.

The Successor Agency has received Final and Conclusive Determinations on its tax allocation bonded indebtedness and its bank loans, ensuring that the California Department of Finance (DOF) will continue to approve the use of tax increment funds for debt service payments on bonds of the Successor Agency. The DOF approved the Successor Agency's Long Range Property Management Plan (LRPMP) on December 31,2015; the LRPMP authorized the transfer of all of the properties formerly held by the Successor Agency to the City for either governmental use or future development.

On April 1, 2003 the City and the Former RDA entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing $10,000,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2020, the amount due is $3,453,000. The Successor Agency will repay a total of $3,851,000 outstanding long-term obligations, principal and interest, from the semi-annual redevelopment trust fund revenue allocations.

On June 1, 2010, the City and the Former RDA entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing $7,000,000 of funds from the proceeds of a $15,000,000 HUD Section 108 loan. The amount is due to the City by annual installment through June 2031. As of June 2020, the outstanding principal due to the City for the Packing House site project obligation was $3,998,000.

One of the consequential benefits to the City of redevelopment dissolution is that the City receives a 11% share of residual property tax increment that was formerly directed to the Former RDA. These residual payments should increase as the Former RDA's debt service is paid off.

Dependence on State for Certain Revenues

State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website, and neither the Authority nor the City takes responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The City cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years. Current and future State budgets will be significantly affected by the Pandemic and other factors over which the City has no control. There can be no assurance that, as a result of the Pandemic or otherwise, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. Although the State is not a significant source of City revenues, there can be no assurance that State actions to respond to the Pandemic will not materially adversely affect the financial condition of the City. See "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

The State budget will be affected by national and State economic conditions and other factors beyond the City's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State's ability to fund local agencies in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the City. Future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control.

Investment of City Funds

The City may invest moneys not immediately required for operations in a manner consistent with the City's Investment Policy (the "Investment Policy") and State law. Pursuant to the City's investment policy, the City Treasurer invests, on a commingled basis, all City funds (other than funds held by trustees for various debt obligations of the City). The only investment pool currently utilized by the City for investment is the Local Agency Investment Fund of the State, commonly referred to as LAIF.

The investment policies and procedures of the City Treasurer are based on federal, State and local laws and regulations, and prudent investment principles. The City Treasurer prepares an Investment Policy Statement annually that is presented to the Budget, Investment, and Technology Commission for review and then to the City Council for approval. The Budget, Investment, and Technology Commission, comprised of nine individuals appointed by the City Council, acts in an advisory capacity concerning investment of City Funds, including but not limited to funds of the Authority.

Safety of principal is the foremost objective of the City's investment policy. Liquidity is the second most important objective, followed by return on investments. The investment policy restricts the permitted investments and requires diversification of the portfolio. The City's investment portfolio is managed to provide the necessary liquidity to meet operational needs. As of April 30, 2021, the average life of the City's investment portfolio was approximately 18 months. The cash flow is developed with information from various departments and is reviewed on a daily basis. The City Treasurer renders a monthly report of investment activity to the City Council and the Budget, Investment, and Technology Commission. In addition, all investment transactions are reconciled by the Finance Department.

The City Treasurer has developed a system of internal investment controls and a segregation of responsibilities of investment functions in order to assure adequate control over the investment functions.

As of April 30, 2021, the City had approximately $541,251,672 on deposit for investment. The investments are summarized below:

Table 12
City of Anaheim
Investments
(As of April 30, 2021)

Investments[1]	Book Value	Market Value	Percent of Portfolio[2]
Treasury Securities	$ 89,716,987	$ 92,327,300	17.07%
Federal Agency Issues	237,063,510	246,700,928	45.10
Local Agency Investment Fund (LAIF)	61,795,122	61,795,122	11.76
Money Market Mutual Funds	45,006,722	45,006,722	8.56
Medium Term Notes	87,086,593	90,365,750	16.57
Supranationals	4,995,667	5,055,850	0.95
Total Investments	**$525,664,601**	**$541,251,672**	**100.00%**

(1) Investments in this table include moneys in the Enterprise Funds, the Internal Services Funds, and the Anaheim Housing Authority Funds. Moneys in such funds would not be available for the payments relating to the Lease Agreement.
(2) Based on Book Value.
Source: City of Anaheim

This information is provided only for the purpose of outlining the general investment policy of the City Treasurer.

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 others, and natural disasters. The City's Insurance Fund (a function of the General Benefits and Insurance Fund), an internal service fund, is used to account for self-funded workers' compensation related benefits, self-funded general liability claims, commercial insurance purchases, and alternative risk financing vehicles. Revenues of the Insurance Fund are derived from cost-allocation charges to City departments using estimates of anticipated risk-transfer costs, new losses, payments on existing claims, and reserve development on known claims. In addition, the Insurance Fund receives interest income from reserves.

At June 30, 2020, the City was funded at an actuarially acceptable level for self-funded retention for workers' compensation and general liability claim exposures (with retention levels of $2,000 per occurrence for workers' compensation claims and $1,000,000 per occurrence for general liability claims). Above these retained levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

Above the retained limits, the City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits and has obtained excess liability coverage through the Authority for California Cities Excess Liability ("ACCEL"), a California joint powers authority comprised of thirteen medium-size California cities self-insuring their catastrophic losses. Member cities first joined together in 1986 when the marketplace was unable to offer cities sufficient insurance coverage. ACCEL pools general liability, automobile liability, and public officials errors and omissions losses. Member cities share risk in excess of $1,000,000 and jointly purchase excess liability insurance to cover losses over $5,000,000 and up to $55,000,000 as described below.

ACCEL is a member of PRISM (Public Risk Innovation, Solutions, and Management) Excess Insurance Authority for the purpose of providing access to excess workers' compensation coverage for major employee injury risks through a program of pooled self-insurance/re-insurance and insurance on a risk sharing basis. Above the retained limit of $2,000,000 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (PRISM), to statutory limits.

Above the retained limit of $1,000,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to $200,000,000 per occurrence, excluding helicopter operations for which the City purchases $50,000,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above $1,000,000 per occurrence, directly with ACCEL. This pooled coverage has exposure from the run-out periods from prior years in the ACCEL retained layer of $4,000.000 in excess of $1,000.000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2020, ACCEL's cash and investments totaled $34,700,000 of which $1,708,000 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

Retirement System

General. The City contributes to the State of California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State. CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance. CalPERS acts as a common investment and administrative agent for participating public entities within California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS annual financial reports may be obtained from their executive office: 400 Q Street, Sacramento, CA 95814 or on their website: www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Neither the City nor the Authority can guarantee the accuracy of such information. Actuarial assessments are "forward looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans. The information on such website is not incorporated herein by such reference or otherwise. See Note 12 in APPENDIX B – "CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020."

A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits by City ordinance.

Pursuant to its contract with CalPERS, the City invests in separate plans for Miscellaneous Members, Fire Safety Members and Police Safety Members. As to each plan, the staff actuaries at CalPERS prepare annually an actuarial valuation which covers a fiscal year ending approximately 12 to 15 months before the actuarial valuation is delivered (thus, the actuarial valuation delivered to the City in July 2020 (the "2019 CalPERS Report") covered CalPERS' Fiscal Year ended June 30, 2019). The actuarial valuations express the City's required contribution rates in percentages of covered payroll, which percentages the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rate derived from the actuarial valuation as of June 30, 2019, that was delivered in July 2020, will affect the City's Fiscal Year 2021-22 required contribution rate). CalPERS rules require the City to implement the actuary's recommended rates.

With respect to the City's portion of the Public Employees' Retirement Fund, the market value of assets available for benefits, as of the 2019 CalPERS Reports was $1,977,951,000, with an accrued liability of $839,881,000 for an aggregate funded ratio of 70.2%.

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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The California Public Employees' Pension Reform Act of 2013 ("PEPRA") made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension.

As such, the defined pension benefit is payable monthly for life, in an amount that varies, for employees hired before January 1, 2013: 3% at age 50 for Fire and Police safety employees and 2.7% at age 55 for Miscellaneous employees, of the employee's single highest year's salary for each year of credited service. As described below, for employees hired on or after January 1, 2013: 2.7% at age 57 for Fire and Police safety employees and 2.0% at age 62 for Miscellaneous employees. Retirement benefits are calculated based on a member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment).

Active full-time members in the City's Retirement Plan are required to contribute 6.75% to 8.00% (for miscellaneous employees), 9.00% to 11.50% (for Police safety employees), and 9.00% to 12.75% (for Fire safety employees), of their annual covered salary. In addition to such employee/members contributions, the annual total required minimum employer contribution is the sum of the Employer Normal Cost Rate (Employer Rate, expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution amount, that actuarially determined remaining amounts necessary to fund the benefits for its members earned during the year with an additional amount to amortize the unfunded accrued liability. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration (the "Board of Administration") and as may be amended by CalPERS. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Over the past few years, CalPERS adopted measures intended to strengthen the long-term future of the system. In 2017, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In December 2017, the Board of Administration adopted relatively modest changes to the asset allocation that reduced the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 7.0%. The Board of Administration also approved several changes to the demographic assumptions that more closely aligned with actual experience.

On December 21, 2016, the Board of Administration lowered the discount rate from 7.5% to 7.0% using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2020-21 determined in 2019 CalPERS Reports were calculated using a discount rate of 7.0%. The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board of Administration reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board of Administration and capital market assumptions, the reduced discount rate schedule provides a more realistic assumption for the long-term investment return of the fund.

In addition to lowering the discount rate from 7.5% to 7.0%, the Board of Administration adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. While these changes can result in short-term increases to required employer contributions, they are not expected to increase the long-term cost of the plan. Notwithstanding the Board of Administration's decision to phase into a 7.0% discount rate, subsequent analysis of the expected investment return of CalPERS assets or changes to the investment allocation may result in a change to this discount rate schedule.

Also significantly, as noted above, the Governor, in September 2012, signed AB 340 and AB 197, two bills which enacted the California Public Employees' Pension Reform Act of 2013 (PEPRA). AB 340 made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension. Among other things, AB 340 also enacted pension spiking reform for new and existing employees, required three-year averaging of final compensation for new employees, and provided employers with new authority to negotiate cost-sharing agreements with current employees. AB 340 also contained limitations on the use of retired annuitants, requiring that an annuitant have a six-month break in service prior to returning to work. The legislation created mandatory benefits tiers for new employees who have not worked for another CalPERS agency hired beginning January 1, 2013 ranging from 2.0% at age 50 to a maximum of 2.7% at age 57 for Police safety and Fire safety employees and 1.1% at age 50 to a maximum of 2.5% at age 67 for miscellaneous employees.

As of June 30, 2020, the City had 2,389 active members of covered by the plan, of which 854 were considered "classic" members (hired on or after January 1, 2013) and 1,535 fall under the decreased benefits as prescribed in PEPRA. Safety PEPRA members pay a higher employee contribution which, by law, cannot be paid by the employer. Additionally, PEPRA employees have a higher eligible retirement age and a lower benefit.

Generally speaking, the City's plan, like the CalPERS system is considered mature, with a greater number of members inactive, currently receiving benefits or entitled to but not currently receiving benefits. In the case of the City, the 2,389 active members are a subset of the 7,249 members in total as of June 30, 2020.

Projected Future Employer Contribution Rates. In calculating the annual actuarially recommended contribution rates, the CalPERS actuary calculates, on the basis of certain assumptions, the actuarial present value of benefits that CalPERS will fund under the CalPERS Plans, which includes two components, the normal cost and the Unfunded Actuarial Accrued Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS Plans that are attributed to the then-current fiscal year, and the actuarial accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to CalPERS under its CalPERS Plans.

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from all plan members will be made at current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits to determine total pension liability.

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability expressed as a dollar amount.

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

The table below shows projected employer contributions (before cost sharing) for the next six fiscal years. The estimates are based on a 7.00% assumed investment return, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages do not reflect that the normal cost will decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

Projected Future Employer Contribution Rates

	Miscellaneous		**Fire**		**Police**	
Fiscal Year	**Normal Cost†**	**UAL Deposit†**	**Normal Cost†**	**UAL Deposit†**	**Normal Cost†**	**UAL Deposit†**
2021-22	11.96%	$38,823,435	19.03%	$10,943,414	24.08%	$18,648,125
2022-23	11.60	42,365,000	18.70	11,931,000	23.80	20,545,000
2023-24	11.30	44,343,000	18.40	12,534,000	23.50	21,637,000
2024-25	11.00	46,558,000	18.10	13,191,000	23.20	22,848,000
2025-26	10.70	47,960,000	17.80	13,572,000	22.90	23,541,000
2026-27	10.30	49,275,000	17.40	13,922,000	22.60	24,181,000

† CalPERS projected.
Source: City of Anaheim Finance Department and CalPERS Supplemental estimates.

In recent years, CalPERS has moved to collect employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change to fixed dollar amounts is intended to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability payment the plan's normal cost contribution will continue to be collected as a percentage of payroll.

Reporting obligations under Governmental Accounting Standards Board Statement No. 68 (including as amended by Statement No. 71, "GASB 68") commenced with financial statements for the fiscal year ended June 30, 2015. Under GASB 68, an employer reports the net pension liability, pension expense and deferred outflows/deferred inflows of resources related to pensions in its financial statements as part of its financial position.

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Funding History. As described above, the City's Pension Plan includes separate valuations for Miscellaneous Members, Fire Safety Members and Police Safety Members. The funded status of the retirement plan for each of these member groups for the market value and actuarial valuations performed for each of the fiscal years ending June 30, 2014 through June 30, 2019 are set forth in the tables below. Underfunded liability is primarily the result of a significant decline in the value of the plan assets, less than anticipated investment returns by CalPERS and an increase in benefits for Miscellaneous and Public Safety employees. As described above, the City has addressed the underfunded liability through significant changes to its compensation structure including annual incremental increases to public safety employee pension contributions and the PEPRA tier of alternate retirement benefits for such employees. The City cannot predict the level of future contributions to CalPERS which may be required by CalPERS but such amounts may increase significantly over current levels.

Miscellaneous Members
(dollars in thousands)

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Market Value of Assets	Underfunded Liability (MVA)	Market Value Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2014	$1,194,359	$900,750	$293,609	75.4%	$108,776	269.9%
2015	1,217,106	896,992	320,114	73.7	108,154	296.0
2016	1,295,862	881,703	414,159	68.0	117,138	353.6
2017	1,361,536	957,141	404,395	70.3	120,748	334.9
2018	1,455,035	1,014,034	441,001	69.7	120,194	366.9
2019	1,502,705	1,057,123	445,583	70.3	124,366	358.3

Fire Safety Members
(dollars in thousands)

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Market Value of Assets	Underfunded Liability (MVA)	Market Value Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2014	$376,725	$293,152	$ 83,573	77.8%	$20,325	411.2%
2015	387,567	289,122	98,445	74.6	20,971	469.4
2016	403,743	281,087	122,656	69.6	22,027	556.8
2017	423,670	302,285	121,385	71.3	22,593	537.3
2018	451,623	316,715	134,908	70.1	22,758	592.8
2019	471,152	326,062	145,090	69.2	24,421	594.1

Police Safety Members
(dollars in thousands)

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Market Value of Assets	Underfunded Liability (MVA)	Market Value Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2014	$630,620	$499,431	$131,189	79.2%	$40,583	323.8%
2015	666,459	498,226	168,233	74.8	45,125	372.8
2016	708,804	490,402	218,402	69.2	46,888	465.8
2017	749,345	534,056	215,289	71.3	49,413	435.7
2018	809,188	567,890	241,298	70.2	51,086	472.3
2019	843,974	594,766	249,208	70.5	51,581	483.1

Source: City of Anaheim Finance Department.

The City expects to continue to work with its employees to identify measures that will ensure that increases in ongoing compensation costs do not outstrip those of revenue growth. The passage of PEPRA in September 2012 is working to further control cost increases in the future, as new employees are receiving reduced retirement benefits and cities will be encouraged to increase employees' share of contribution costs.

Other Post-Employment Benefits

In addition to providing pension benefits through CalPERS, the City, in accordance with agreements with various bargaining units and groups, provides medical insurance benefits that are considered other post-employment benefits ("OPEB") to certain retired employees under a single employer benefit plan. The City is a participant in the California Employer's Retiree Benefit Trust (CERBT). It is the City's policy to fund all annual required actuarially determined contributions (ADC) determined by an actuarial valuation. Regular, full time employees meeting certain eligibility requirements are provided the OPEB benefits. The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions, Council Resolution and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits. The City contributes an amount not less than the annual Actuarially Determined Contribution (ADC) measured in accordance to the parameters of GASB Statement No. 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortization of any unfunded actuarial liabilities over a closed 30-year period. The remaining amortization at June 30, 2020 is eighteen years.

City contributions to the Plan occur as benefits are paid to retirees or contributions to the OPEB Trust. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

Payments of the ADC is allocated among all City Funds in proportion to the Fund's full time payroll expenses in the General Fund, the Housing Authority major special revenue fund, all nonmajor capital project funds, all nonmajor special revenue funds and all proprietary funds.

For purposes of measuring the net OPEB liability and deferred outflows/ inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/ deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For OPEB funding progress information, see Note 13 in APPENDIX B – "CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020" and the Supplemental Tables therein.

On October 1, 2005, the City and the International Brotherhood of Electrical Workers (I BEW), Local 47, entered into a Letter of Understanding related to the Retiree Medical Plan. Under the Plan, the IBEW would establish a union trust (Trust) for the sole and exclusive purpose of providing post-retirement medical benefits to IBEW bargaining unit employees employed by the City on October 1, 2005, and their eligible surviving spouses and dependents. The City agreed to transfer to the Trust for each employee in the IBEW bargaining unit the one-time post-retirement medical reserve allocations, and the IBEW and City also agreed that the sum of 4% of base biweekly pay shall be contributed by the employees of the I BEW bargaining unit to the Retiree Medical Plan. It should be noted that the Trust does not constitute a City-sponsored OPEB defined benefit plan and furthermore, that the City's responsibility is limited to contributions negotiated with the IBEW, as such, there is no related retiree-medical liability included in the City's OPEB plan.

For the fiscal year ended June 30, 2020, the City contributed the full amount of the ADC totaled $16,487,000 of which included insurance premiums of $19,950,000, implicit subsidy of $3,266,000, offsetting by cash reimbursement from CERBT of $1,054,000 and retiree contributions of $5,675,000.

As of the June 30, 2019 measurement date, the plan was 37.5% funded. The Total OPEB Liability was $256,968,000, the Plan Fiduciary Net Position was $95,461,000, resulting in a net OPEB liability of $161,507,000, of which $120,245,000 is payable from Governmental Activities. The covered employee payroll (annual payroll of active employees covered by the plan) was approximately $209,942,000. See Note 13 in APPENDIX B – "CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020" and the Supplemental Tables therein.

The discount rate used to measure the OPEB liability was 6.703%. This discount rate was determined based on the results of analysis described in GASB 75. Plan benefits for all current and future retirees are projected from year to year from the results of the valuation. Future employer contributions are projected based on levels over the last 5 years and certain assumptions about the benefit costs of future employees. Trust assets are projected based on the projected future contributions and the assumed return on assets.

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Labor Relations

A majority of City employees are represented by various unions. In accordance with the Meyers-Milias-Brown Act, the City has adopted an Ordinance, which establishes the procedures for the administration of employer-employee relations. This includes the procedure by which the City meets and confers with representatives of recognized employee organizations (*i.e.*, unions and associations) regarding matters within the scope of representation, including wages, hours and other terms and conditions of employment within the appropriate unit.

The table below sets forth the City's existing bargaining units and the term of each current agreement. Of the approximately 2,000 authorized, permanent full-time equivalent (FTE) City employees, most are represented by twelve bargaining units (the Confidential Unrepresented Employees group is not part of any actual bargaining unit but certain benefits by position are indexed to the bargaining unit equivalent for that position). As to the agreements which have a term that concluded before the date of this Official Statement, each bargaining unit continues to function under the terms of its respective agreement as if it had not expired. City employees in the process of negotiations have historically continued to work under the terms of their previous contract with no interruption in services.

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Table 13
City of Anaheim
Bargaining Units

Bargaining Unit	Fiscal Year 2021-22 Proposed FTEs	Term	
		From	***To***
City Council	7	n/a	n/a
Anaheim Police Association (APA)	405	6/28/2019	7/3/2025
Anaheim Municipal Employees Association (AMEA) – General	358	1/5/2018	6/23/2022
Anaheim Municipal Employees Association (AMEA) – Clerical	190	1/5/2018	6/23/2022
International Brotherhood of Electrical Workers (IBEW) Local 47	202		
Anaheim Firefighters Association Classifications(AFA)	209	7/1/2017	6/22/2022
Anaheim Police Management Association (APMA)	22	1/15/2018	12/26/2019
Executive Management	15	n/a	n/a
American Federation of State, County and Municipal Employees (AFSCME) – General Management	183		
American Federation of State, County and Municipal Employees (AFSCME) – Professional/Technical Management	214		
American Federation of State, County and Municipal Employees (AFSCME) - Confidential	65		
Unrepresented	64	n/a	n/a
International Brotherhood of Electrical Workers (IBEW) Management	66	1/24/20	1/19/2023
	2,000		

† Expired contracts are currently under active negotiations with bargaining units functioning under existing terms. The City has never had an employee work stoppage.

Source: City of Anaheim Finance Department.

Additional Indebtedness

The City may enter into certain long-term lease obligations without first obtaining voter approval. The City has entered into various lease arrangements under which the City is obligated to make annual payments. Securities have been issued which certificate or are payable from these lease arrangements. See "Long Term Obligations" below. The City has no current plans to incur additional General Fund obligations for new money projects or working capital.

Capital Improvement Program

The City Manager submits a Capital Improvement Program (CIP) to the City Council annually. CIP expenditures are funded by a variety of sources and accounted for in a variety of funds including, but not limited to Capital Projects Funds and Enterprise Funds. The City strives to maintain a high reliance on pay-as-you-go financing for its capital improvements in order to maintain debt within prudent limits. There are currently no material General Fund obligations under the current CIP. The City has no plans to finance any portion of the CIP with long-term obligations. See, APPENDIX A – "GENERAL DEMOGRAPHIC INFORMATION REGARDING THE CITY OF ANAHEIM."

Long-Term Obligations

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to the approval of two-thirds of the voters voting on the bond proposition. A tax on all real property within the City to pay principal of and interest on general obligation bonds is levied by the City and collected by the County on the secured and unsecured property tax bills. The City has no general obligation bonds outstanding. The City Charter limits general obligation bonded indebtedness to 3.750% of the total assessed valuation of property within the City.

The City may enter into certain long-term lease obligations without first obtaining voter approval. The City has entered into various lease arrangements under which the City is obligated to make annual payments. Securities have been issued which certificate or are payable from these lease arrangements.

A summary of long-term General Fund obligations outstanding as of June 30, 2020 is as follows:

Table 14
City of Anaheim
Long-Term General Fund Obligations Outstanding
(As of June 30, 2020)
(dollars in thousands)

Issues	Date of Issue	Original Issue	Final Maturity Date	Interest Rate	Balance at June 30, 2020
1997 Anaheim Lease Revenue Bonds	02/01/1997	$510,427	3/1/2037	4.5%-6.0%	$114,528
Accretion					224,977
2014 Anaheim Lease Revenue Bonds	11/14/2014	258,925	5/1/2046	0.4%-5.0%	234,320
2019 A Anaheim Lease Revenue Refunding Bonds	04/30/2019	169,065	9/1/2036	5.0%	167,675
Total bonds principal					741,500
Unamortized bond premiums/discounts					46,014
Total					$787,514

(1) For the financing and refinancing of the construction of City facilities.
Source: City of Anaheim Finance Department.

As of June 30, 2020, there was approximately $184.1 million in non-voter approved City long-term capital lease obligations and installment payment obligations, including obligations of the City's enterprise funds, with respect to revenue bond offerings outstanding. For details of the long-term liabilities of the City, see "APPENDIX B – CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020 – Notes to Financial Statements – Note 9 – Long-Term Debts."

Unscheduled Draws On Special Reserve Fund Backed by Lease Payment Measurement Revenues

In February 1997, the Authority issued its Anaheim Public Financing Authority Subordinate Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series C (the "1997 Series C Bonds") and its Anaheim Public Financing Authority Senior Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series A (the "1997 Series A Bonds"), and in April 2019, the Authority issued its Anaheim Public Financing Authority Senior Lease Revenue Refunding Bonds (Anaheim Public Improvements Project), Series 2019 A (the "Series 2019 A Bonds"), as special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of certain leased premises. The bonds were issued to finance and refinance the construction of public improvements in the Anaheim Resort.

Debt service requirements to maturity for these lease revenue bonds are paid from Lease Payment Measurement Revenues (LPMR) defined as amounts equal to: (1) 3% of the 15% transient occupancy taxes (TOT) (i.e., 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and (2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

The Indenture of Trust authorizing the 1997 Series C Bonds, the 1997 Series A Bonds and the Series 2019 A Bonds (the "LPMR Indenture"), establishes a Special Reserve Fund, amounts in which are available to pay debt service on such bonds if revenues are not otherwise available therefor.

The City has covenanted in the LPMR Indenture to budget and appropriate the payment of LPMR lease payments from all legally available funds of the City in an amount equal to the LPMR in each year in consideration of the use and occupancy of the LPMR Leased Premises. LPMR Lease Payments are payable from any legally available funds of the City, however, the amount of each LPMR Lease Payment to be made by the City under the LPMR Lease Agreement is measured by available LPMR amount.

On August 27, 2020, an unscheduled draw was made on the Special Reserve Fund in the amount of $7,089,770.84 in order to have sufficient moneys on deposit in the Series C Bonds Account of the Debt Service Fund under the LPMR Indenture to pay the Accreted Value of the 1997 Series C Bonds due and payable on the September 1, 2020 Bond Payment Date. Such Accreted Value was paid in full on said September 1, 2020. No draws were made with respect to the 1997 Series A Bonds or the Series 2019 A Bonds.

On March 1, 2021, the City made an additional unscheduled draw on the Special Reserve Fund in the amount of $4,406,996 in order to have sufficient moneys on deposit in the Series A Bonds Account of the Debt Service Fund under the LPMR Indenture to pay a portion of the interest on the 1997 Series A Bonds and the Series 2019 A Bonds due and payable on the March 1, 2021 Bond Payment Date.

The City expects an additional unscheduled draw to be made on or about September 1, 2021 from the Special Reserve Fund in order to have sufficient moneys on deposit in the Series A Bonds Account of the Debt Service Fund under the LPMR Indenture to pay all or a portion of the principal of and interest on the 1997 Series A Bonds and the Series 2019 A Bonds and in the Series C Bonds Account of the Debt Service Fund under the LPMR Indenture to pay the Accreted Value of the 1997 Series C Bonds on the September 1, 2021 Bond Payment Date.

A continued spread of COVID-19, future outbreak of COVID-19 or another infectious disease, or the fear of any such outbreak, and measures taken to prevent or reduce it, could adversely impact State, national and global economic activities and, accordingly, adversely impact the financial condition and operations of the City and/or future collections of TOT, sales and use tax revenues and property tax revenues within the City. See also "CITY OF ANAHEIM FINANCES" and "RISK FACTORS – Infectious Disease Outbreak – COVID-19."

Overlapping Debt

Contained within the City are overlapping local agencies providing public services which have issued general obligation bonds and other types of indebtedness. A table setting forth the overlapping debt of the City as of June 30, 2020 is provided below. For details of the long-term liabilities of the City, see "APPENDIX B – CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020 – Notes to Financial Statements – Note 9 – Long-Term Debts."

Table 15
City of Anaheim
Statement of Direct and Overlapping Debt

2019-20 Assessed Valuation: $48,851,452,719

	% Applicable[(1)]	Debt as of 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	1.578%	$ 588,594
North Orange Joint Community College District	28.026	79,809,360
Rancho Santiago Community College District	12.173	26,800,568
Rancho Santiago Community College District School Facilities Improvement District No. 1	0.370	614,274
Anaheim Union High School District	68.246	193,459,635
Fullerton Joint Union High School District	0.247	489,727
Garden Grove Unified School District	0.566	2,282,436
Orange Unified School District	25.659	46,284,987
Placentia-Yorba Linda Unified School District	19.513	43,230,432
Anaheim School District	99.090	273,271,805
Magnolia School District	67.440	14,019,633
Other School Districts	Various	22,827,460
City of Anaheim Community Facilities Districts	100.000	65,530,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 769,208,911
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	7.807%	$ 30,193,182
Orange County Pension Obligations	7.807	36,448,053
Orange County Board of Education Certificates of Participation	7.807	1,009,445
North Orange County Regional Occupation Program Certificates of Participation	28.831	2,580,375
Orange Unified School District Certificates of Participation	25.659	6,402,276
Orange Unified School District Benefit Obligations	25.659	16,310,143
Placentia-Yorba Linda Unified School District Certificates of Participation	19.513	17,649,578
Anaheim Union High School District Certificates of Participation	68.246	22,111,704
Fullerton Joint Union High School District Certificates of Participation	0.247	44,411
Fullerton School District Certificates of Participation	0.171	6,951
Magnolia School District Certificates of Participation	67.440	9,538,393
City of Anaheim General Fund Obligations	**100.000**	**524,433,745**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 666,728,256
Less: City of Anaheim Public Financing Authority (supported by various revenue funds)		**502,782,577**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 163,945,679
OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):	0.084-100.000%	$ 141,638,746
TOTAL GROSS DIRECT DEBT		**$ 524,433,745**
TOTAL NET DIRECT DEBT		**21,651,168**
TOTAL OVERLAPPING DEBT		$1,053,142,168
GROSS COMBINED TOTAL DEBT		$1,577,575,913[(2)]
NET COMBINED TOTAL DEBT		$1,074,793,336

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity. Excludes the Bonds.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.57%
Total Gross Direct Debt ($524,433,745)	**1.07%**
Total Net Direct Debt ($21,651,168)	**0.04%**
Gross Combined Total Debt	3.23%
Net Combined Total Debt	2.20%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($6,835,919,764):

Total Overlapping Tax Increment Debt	2.07%

Source: California Municipal Statistics, Inc. and City of Anaheim Comprehensive Annual Financial Report for Fiscal Year 2019-20.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Bonds

The Bonds are special obligations of the Authority, payable, as provided in the Indenture, solely from Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Lease Revenues consist of all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Lease Agreement upon a Lease Default Event. The Authority has no taxing power.

The obligation of the City to make the Rental Payments, including the Base Rental Payments, does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIB of the California Constitution" herein.

Abatement

In the event of substantial interference with the City's right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement" herein. In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners in full.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction) and eminent domain proceeds, if any, are insufficient to make all payments of principal of and interest on Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Bond Owners for nonpayment under such circumstances. To the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments due under the Lease Agreement, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from such Net Proceeds.

The City's use and occupancy of the Property will not be abated solely as a result of the continuance of the current Pandemic or the restrictions on activities related thereto.

Infectious Disease Outbreak – COVID-19

The finances and operations of the City have been and will continue to be impacted by the Pandemic which is currently affecting many parts of the world, including the United States and California. The Pandemic is ongoing, and the duration and severity of the outbreak and any mutant strain thereof, and the future economic and other actions that may be taken by governmental authorities to contain the outbreak or to address its impacts are uncertain. The spread of COVID-19 has altered the behavior of businesses and people in a manner that has had a negative effect on global and local economies, including activities that generate, in particular, transient occupancy taxes or hotel taxes, sales and use taxes, and property taxes.

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Also on March 13, 2020, California Governor Gavin Newsom issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California as a result of the threat of COVID-19. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 16, 2020, the Governor issued Executive Order N-28-20, lifting the State's preemption of landlord/tenant law, authorizing local governments to halt evictions for renters and homeowners, slows foreclosures, and protects against utility shutoffs for Californians affected by COVID-19, and further providing that the order does not relieve a tenant from the obligation to pay rent, or restrict the landlord's ability to recover rent that is due. The order expands a local government's authority to limit residential or commercial evictions, but only as to nonpayment evictions caused by a documented loss of income caused by the Pandemic or the governmental responses. In August 2020, the Governor ordered an extension of protections through January 31, 2021, unless extended. The order also requests banks and other financial institutions to halt foreclosures and related evictions during this time period.

On March 25, 2020, Orange County Treasurer Tax Collector Shari Freidenrich announced her plan to grant waivers on penalties to taxpayers as allowed by existing law to assist them during these challenging times, providing that for taxpayers that do not make payment of property taxes due to COVID-19 by April 10, such taxpayers would be expected to submit to the Treasurer a Penalty Cancellation Request Form and documentation to support the cancellation of penalties as allowed in limited circumstances under current State law, allowing for waiver of penalties, costs and other charges when failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect. The City is not aware of a significant impact on the collection of property taxes within the County to date.

On March 19, 2020, the Governor issued Executive Order N-33-20, a State-wide Stay-At-Home Order to protect the health and well-being of all Californians and to establish consistency across the State in order to slow the spread of COVID-19; such order to go into effect immediately and to stay in effect until further notice. The order directs all individuals living in the State to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors.

On April 29, 2020, the Governor released a four-stage plan for reopening of the economy. On May 23, 2020, the State authorized the County's plan to move to a Stage 2 reopening. Businesses that fall under the category of the Stage 2 business reopening included dine-in restaurants, destination retail, shopping malls, and in-store retail, with proper safety protocols in place.

On August 28, 2020, the Governor released a new system, "Blueprint for a Safer California." Starting September 9, 2020, the State began utilizing a four-tier, color-coded system for tracking COVID-19 trends. The new system will determine when counties can move forward with business reopenings. The four tiers, purple (widespread), substantial (red), moderate (orange), and minimal (yellow), have a different set of rules regarding what businesses are and aren't allowed to reopen, whether they may open indoors or outdoors, and at what capacity they can operate. Counties must remain at each tier for a minimum of 21 days.

Initially in the red tier, the County was permitted to allow for limited reopening of restaurants, places of worship, shopping centers, hair salons, movie theaters, and other businesses with modifications and/or capacity limits. Breweries (where no meals are provided), cardrooms, convention centers, and festivals remain closed under this tier. Likewise, restaurants would be allowed to operate indoors at 50% of their capacity, as would movie theatres and bars. As of November 23, 2020, the County was assigned to the purple tier.

On January 7, 2021, Orange County announced the launching of "Operation Independence," a county-wide collaborative effort with the Orange County Fire Authority to help administer COVID-19 vaccinations to all interested County residents by the Fourth of July. The goal of Operation Independence is to set up regional vaccine points of dispensing (PODs), with initial sites located in the cities of Huntington Beach, Irvine and Anaheim. The County's goal is to provide five large, regional Super PODs, that are expected to dispense thousands of vaccines each day once they are fully operational.

Currently, the County has three Super PODs located in Disneyland, Soka University, and the Anaheim Convention Center.

Orange County entered the yellow reopening tier on May 18, 2021, allowing for increased economic activity. Only under the yellow tier, would large amusement parks be allowed to open at 25% of their normal capacity. Currently, case rates in the City continue to decline and vaccine distribution is accelerating with over 1.4 million fully vaccinated persons in Orange County as of May 19, 2021.

With widespread vaccination currently underway in the United States and many countries worldwide, some of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased. The Governor of California has announced most statewide Pandemic restrictions may be lifted by June 15, 2021, contingent on certain public health metrics to be assessed at that time. However, restrictions may be re-imposed in various jurisdictions from time to time as local conditions warrant. The City cannot predict the duration of the Pandemic, the duration or expansion of these Stay-At-Home Orders and restrictions, nor what effect such restrictions and warnings may have.

The California State Auditor has identified transient occupancy taxes (TOT) as the revenue source most impacted by the Pandemic and notes the City as being one of six cities state-wide facing a significant COVID-19 impact to its revenues. TOT revenues alone typically approximate 42% of annual City General Fund revenues. With the closure in March and April 2020 of the Disney theme parks, the convention center and sports and entertainment venues located in the City, the City has seen a dramatic drop in TOT and sales and use tax revenues (two of the three primary sources of the City's operating revenues), resulting in significant General Fund budget deficits in Fiscal Year 2019-20 and Fiscal Year 2020-21. While the full extent of the Pandemic on the City cannot be quantified at this time, the ongoing Pandemic could further impair the collection of TOT, sales and use taxes and, potentially, property taxes and have an adverse effect on the City's operations and financial condition. The City continues to monitor the Pandemic and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City.

On March 27, 2020, the President signed H.R. 748, known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act or "Phase 3," a $2 trillion stimulus and supplemental spending plan to address the effects of COVID-19, which includes more than $150 billion for the so-called "Marshall Plan" for hospitals and health care infrastructure. Also included is $150 billion for state and local governments. On April 24, 2020, the President signed H.R. 266, known as "Phase 3.5," titled the Paycheck Protection Program and Heath Care Enhancement Act, which appropriates additional funds for the Paycheck Protection Program (the "PPP") and for emergency Economic Injury Disaster Loan ("EIDL") grants; mandates a certain "set-aside" for qualifying small and midsize PPP lenders; and makes other appropriations, including for a Department of Health and Human Services COVID-19-related "emergency fund." The Act increases appropriations for PPP loans from the $349,000,000,000 originally provided in the CARES Act to $670,335,000,000. It also increases appropriations for emergency EIDL grants from the $10,000,000,000 originally provided in the CARES Act to $20,000,000,000. The Act expands the types of entities eligible to receive emergency EIDL grants to include agricultural enterprises with not more than 500 employees. To date, the City has received $33 million in CARES Act funding passed through various agencies, including the State of California and the County.

In March 2021, the President signed the ARP, a $1.9 trillion economic stimulus package to speed up the United States' recovery from the economic and health effects of the Pandemic. The City anticipates receiving approximately $107 million through the ARP, of which $53.3 million was received on May 18, 2021, which will likely be used to support the reopening of services while City revenues recover. A portion of such funds would be allocated to General Fund expenditures and are expected to help balance the City's General Fund budget for Fiscal Years 2021-22 and 2022-23.

For a detailed discussion of the financial impacts experienced by the City as a result of COVID-19 to date and its currently projected impacts, see "IMPACT OF COVID-19 PANDEMIC" and "CITY OF ANAHEIM FINANCES."

Projections included in this Official Statement represent the City's projection of future results as of the date of hereof as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the City. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. The City is not obligated to update, or otherwise revise, the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

Many of the federal, State and local actions and policies under the disaster declarations and shelter-in-place orders referenced above are focused on limiting instances where the public can congregate or interact with each other, each of which affect to some degree the operation of businesses and directly impact the economy. Orders and restrictions have changed over time and remain subject to change. Information provided by County Health Officials is available at: http://www.ochealthinfo-com-novel coronavirus. The City can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated in this Official Statement by such reference. The City provides additional information on actions with respect to COVID-19 at http://anaheim.net/5642/Coronavirus. The information on such website is not incorporated herein by such reference or otherwise.

A continued spread of COVID-19, future outbreak of COVID-19 or another infectious disease, or the fear of any such outbreak, and measures taken to prevent or reduce it, could adversely impact State, national and global economic activities and, accordingly, adversely impact the financial condition and operations of the City, and the extent of impact could be material. These events and other factors resulting from such an outbreak, particularly if prolonged, could result in, or increase the likelihood of, the occurrence of certain of the other potential adverse effects described in this Official Statement, including those relating to declines in the collection of City TOT and sales and use tax revenues and/or future collections of TOT, sales and use tax revenues and property tax revenues within the City. The City cannot predict the duration of the Pandemic, the duration or expansion of Stay-At-Home Orders and restrictions and travel restrictions and warnings, whether additional countries or destinations will be added to the travel restrictions or warnings, and what effect such Stay-At-Home Orders and restrictions and travel restrictions and warnings may have on tourism-related revenues. Additionally, the City cannot predict what further impact the Pandemic may have on the City's general financial condition or operations, or the assessed values of property within the City.

Economic and Tourism Factors

The City's economy is directly affected by the number of visitors to the City, specifically to the Disneyland Resort and the Anaheim Convention Center. Numerous factors, many of which are beyond the control of the City, could have an adverse impact on the number of visitors to the City, including but not limited to, the national economy and levels of tourism, terrorist attacks, natural disasters, competition from other vacation and convention center destinations, sales taxes, energy costs and airline fares.

State Budget

While the City relies on certain State agencies and the County to process and remit to the City a portion of its General Fund revenues (sales and use tax, property tax and the motor vehicle license fee) consisting of payments collected by the State and passed-through to local governments or collected by the County and allocated to local governments by State law. The financial condition of the State can have an impact on the level of these revenues. In past years the State has reduced revenues to cities and counties to help solve the State's budget problems. The City does not otherwise currently rely in substantial part allocations from the State Budget or State appropriations.

The City cannot predict whether the State will encounter budgetary problems in this or in any future fiscal years, and if it were to do so, it is unknown what measures would be taken by the State to balance its budget, as required by law, including reducing the amount of State funds made available to the City. The City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations, or what actions will be taken in the future by the State Legislature and Governor to manage changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

Information about the State budget is available from the Public Finance Division of the State Treasurer's Office. In addition, information about the State budget is regularly available at various State-maintained websites, including www.dof.ca.gov (Department of Finance), www.lao.ca.gov (Office of the Legislative Analyst) and www.treasurer.ca.gov (State Treasurer). The above-mentioned websites are included herein for informational purposes only. The City makes no representations concerning, and do not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites by the respective entities. The information on such website is not incorporated herein by such reference or otherwise.

Bankruptcy of the City

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee's rights under the Lease Agreement. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues in order to protect their interests.

Bankruptcy of Taxpayers and Foreclosure of Taxable Property

The ability and willingness of an owner or operator of property to collect and remit the Transient Occupancy Tax (the "TOT"), sales and use taxes or property taxes may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent TOT, sales and use taxes or property taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings of the owner of the taxed property. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period.

Seismic Activity and Natural Disasters

The City, like all California communities, may be subject to unpredictable seismic activity, wildfires, or flooding in the wake of fires or in the event of unseasonable rainfall. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during such an event. Known active fault corridors within the Orange County area include the Newport-Inglewood-Offshore fault that is approximately 10 miles westerly, the Whittier Fault, and the Chino Fault located to the northeast.

The land comprising the Property is located in a Zone "X" flood designated area according to Federal Emergency Management Agency Community Panel No. 06059C0142J, effective date December 3, 2009. This designation references an area of minimal flooding, which is outside the 0.2% annual change floodplain. Flood insurance is not required. The Santa Ana River runs through the City and is shown as a 1% annual chance of flood discharge that is contained in channel.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the City, which could impact the ability of the City to make

Base Rental Payments when due and, accordingly, could have an adverse effect on the Authority's ability to make timely payments of principal of and interest on Bonds. In the event of such damage, the City's obligation to make Rental Payments could be abated. See " – Abatement" above. The City is not required under the Lease Agreement to maintain earthquake or flood insurance on the Property. Additionally, any damage to the hotels in the City, the Disneyland Resort and/or the Anaheim Convention Center could have a significant impact on the number of visitors to the City, which would impact General Fund revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" herein.

Absence of Earthquake and Flood Insurance

The Lease Agreement does not require earthquake or flood insurance to be maintained on the Property, unless available at commercially reasonable rates. The City does not currently maintain any earthquake insurance.

If the Property or any part thereof is damaged or destroyed by an earthquake or flood resulting in loss or substantial interference in the use and occupancy thereof, Rental Payments will be subject to abatement. In such event, the City may not have sufficient insurance proceeds to repair or replace the damaged or destroyed portion of the Property.

Hazardous Substances

The discovery of hazardous substances on the Property could impact the City's ability to make Rental Payments. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") is the most well-known and widely applicable of these laws, but California 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 on the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect, therefore, should the Property be affected by a hazardous substance, would be to reduce the marketability and value of the Property by the costs of, and any liability incurred by, remedying the condition. Such reduction in the value of the Property could adversely impact the fair rental value of the Property and potentially result in abatement of the Lease Payments.

The City is unaware of any hazardous substances on the Property.

Cybersecurity

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems. The City has not experienced a major cyber breach that resulted in a financial loss.

There are no pending or reported claims for cyber security breach materially impacting the City. The City currently maintains insurance to cover cybersecurity breaches.

Substitution and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and summarized below. After a substitution or release, the portion of the Property for which the substitution or release has been effected shall be released from the leasehold encumbrance of the Lease Agreement and the Ground Lease. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS – Substitution and Removal of Property" herein.

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value greater than or equal to 105% of the maximum Base Rental Payments payable by the City in any Rental Period, such a replacement or release could have an adverse impact on the security for the Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Substitution or Release of the Property."

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there shall be no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable, nor shall the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, and premium, if any, and interest on the Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein and APPENDIX C – "DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Default."

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Bonds when due. In addition, certain risks, such as earthquakes and floods, are not covered by the insurance required under the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" herein.

Teeter Plan Termination

In 1993, the County implemented its Teeter Plan as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas with full tax and assessment levies instead of actual tax and assessment collections. In return, the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County's Teeter Plan may help protect Owners from the risk of delinquencies in the payment of property taxes. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. See "CITY OF ANAHEIM FINANCES – The Teeter Plan."

Limitations on Remedies

The rights of the Owners of the Bonds are subject to the limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code (Title 11, United States Code) (the "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 U.S. 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 cities in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. Under Chapter 9 of the Bankruptcy Code, which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Lease Agreement, and from taking any steps to collect amounts due from the City under the Lease Agreement.

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the "IRS"), the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. The City has not been contacted by the IRS regarding the examination of any of its tax-exempt bond transactions. The City is audited from time to time.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Section 1(a) of Article XIIIA of the California Constitution limits the maximum *ad valorem* tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by each county and apportioned among the county and other public agencies and funds according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on (a) indebtedness approved by the voters prior to July 1, 1978, (b) any 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, or (c) bonded indebtedness incurred by a school district or a community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Section 2 of Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or to reflect a reduction in the consumer price index or comparable data for the area under the taxing jurisdiction, or reduced in the event of declining property values caused by substantial damage, destruction, or other factors. Legislation enacted by the State Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In addition, legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. Prior to Fiscal Year 1981-82, assessed valuations were reported at 25% of the full value of the property. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

On June 3, 1986, California voters approved an amendment to Article XIIIA, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

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

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each Agency's allocation the following year. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

In a Minute Order issued on November 2, 2001 in *County of Orange v. Orange County Assessment Appeals Board No. 3*, case no. 00CC03385, the Orange County Superior Court held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including Orange County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. The Orange County Superior Court has not ruled on a motion to restate the complaint as a class action, which could have the effect of extending this ruling to other similar cases.

The City is unable to predict at this time the outcome of this litigation and what effect, if any, it might have on assessed values in the City or the availability of revenue sources which may be provided by the State to replace lost property tax revenues.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the California Constitution limit. Decreases are required where responsibility for providing services is transferred from the governmental entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

When adopting the City's Fiscal Year 2019-20 budget, the City calculated its appropriations limit at $1,073,822,348, with appropriations subject to the limit estimated at $426,576,473 When adopting the City's Fiscal Year 2020-21 budget, the City calculated its appropriations limit at $1,115,880,898, with appropriations subject to the limit estimated at $333,445,471. The City will adopt its Fiscal Year 2021-22 budget on or about June 22, 2021.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. The impact of the appropriations limit on the City's financial needs in the future is unknown.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations.

The provisions of Proposition 218, as so interpreted and applied, may affect the City's ability to meet certain obligations.

Proposition 218 (Article XIIIC) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. Further, any general purpose tax which the City imposed, extended or increased, without voter approval, after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The City has not so imposed, extended or increased any such taxes which are currently in effect.

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996 and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, or fees and charges. No assurance can be given that the voters of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Proposition 218 (Article XIIID) also added several new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, and (iii) a majority protest procedure which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. "Assessment" in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. While this definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks, the City currently has no landscape and maintenance assessments for open space areas, street medians, street lights and parks.

In addition, Proposition 218 (Article XIIID) added several provisions affecting "fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a "property related fee" under Article XIIID, there could be future restrictions on the ability of the City's General Fund to charge its enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water and refuse collection services, or fees for electrical and gas service (which are not treated as "property related" for purposes of Article XIIID), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Proposition 218 (Article XIIIC) also removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessments," "fees" and "charges" are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described above. If not, the scope of the initiative power under Article XIIIC potentially could include any General Fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

As more completely described under the caption "LITIGATION," on March 3, 2020, the City was served with class action lawsuit alleging that the water rates and fees imposed and collected by the City in 2018 and 2019 and currently charged violate Proposition 218 because they exceed the costs to provide water service pursuant to Article XIIID of the California Constitution. The City believes its established and proposed water rates and charges comply with Proposition 218 and, although the City disputes the allegations, the City is unable to predict the outcome of the litigation at this time.

Statutory Spending Limitations

A statutory initiative ("Proposition 62") was adopted by the voters of the State at the November 4, 1986 General Election which (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA, (e) prohibits the imposition of transaction taxes and sales and use taxes on the sale of real property by local governmental entities and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were upheld by the *California Supreme Court in Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220; 45 Cal.Rptr.2d 207 (1995).

Proposition 62 applies to the imposition of any taxes or the effecting of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See "– Articles XIIIC and XIIID of the California Constitution" above.

In the opinion of the City Attorney, the provisions of Proposition 62 do not apply to charter cities, although this position is being challenged by various groups, and may be the subject of future litigation.

If ultimately found valid and applicable to charter cities, however, Proposition 62 could affect the ability of the City to continue the imposition of certain taxes, such as sales and use taxes and transient occupancy taxes, and may further restrict the City's ability to raise revenue.

Other Initiative Measures Affecting State and Local Governments

At the State general election on November 2, 2010, three initiative measures that affect State and local fiscal affairs were approved by the voters.

As described in more detail above, Proposition 22 eliminates the State's ability to borrow or shift local revenues and certain State revenues that fund transportation programs. It restricts the State's authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties, special districts and redevelopment agencies, the VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State's ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 25 reduces the legislative vote requirement for passage of the annual State budget and certain related trailer bills from two-thirds to a simple majority. The reduced vote requirement does not apply to measures that increase State tax revenues, which will continue to require a two-thirds vote. It also requires members of the legislature to permanently forfeit their pay and reimbursement for travel and living expenses for each day after June 15 that a budget is not passed. It does not change the ability of the Governor to eliminate or reduce any appropriation using a line-item veto.

Proposition 26 imposes a two-thirds voter approval requirement for the imposition of certain fees and charges by the State. It would also impose a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope "a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product to the payor." The City believes that the initiative is not intended to and would not apply to fees for utility services charged by local governments such as the City; however, the City is unable to predict whether Proposition 26 will be interpreted by the courts to apply to the provision of utility services by local governments such as the City.

As more completely described under the caption "LITIGATION," the City is a defendant in a class action lawsuit challenging the transfer of electric rate revenue to the City's General Fund. The plaintiff class asserts that a portion of the City's electric utility rates constitute a tax because the rates charged exceed the reasonable cost to provide electric service, and instead provide General Fund revenues for governmental services unrelated to the provision of electric service. Those transfers total approximately $23 million annually.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and Propositions 22, 25, 26 and 62 were each adopted as measures that qualified for the ballot pursuant to California's constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations. For example, ballot initiatives currently in process for qualification for consideration at future elections include a measure that would require a two-thirds vote of the electorate for all taxes, including local general and special taxes put on the ballot through an initiative and a measure to revoke Proposition 13 protections for commercial and industrial properties.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix F hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Bonds that acquire their Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds are sold to the public) and who will hold their Bonds as "capital assets" within the meaning of Section 1221 of the Code.

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

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

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

Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Bond.

Sale or Other Taxable Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority or the City) or other disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Bond (generally, the purchase price paid by the U.S. Holder for the Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Bonds. If the Authority defeases any Bond, the Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Bond.

Information Reporting and Backup Withholding. Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders." payments of principal of, and interest on, any Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority or the City through stock ownership, and (2) a bank which acquires such Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

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

U.S. Federal Estate Tax. A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Bond or a financial institution holding the Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

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

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the Authority and the City. Orrick, Herrington & Sutcliffe LLP will receive compensation from the City contingent upon the sale and issuance of the Bonds. Certain legal matters will be passed on for the Authority and the City by the City Attorney of the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

LITIGATION

There is no action, suit or proceeding known to be pending or threatened either restraining or enjoining the execution or delivery of the Bonds, the Lease Agreement or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing. Various claims and suits have been and can be expected to be filed against the City in the normal course of business. The aggregate amount of the uninsured liabilities of the City which may result from all current claims will not, in the opinion of the City, materially affect the City's finances so as to impair its ability to pay Base Rental Payments when due under the Lease Agreement.

Estate of Fermin Valenzuela. In the matter of *The Estate of Fermin Valenzuela et al. v. The City of Anaheim*, decedent's Estate and his survivors allege that the Anaheim Police wrongfully caused his death by application of excessive force that occurred during an altercation with him. The incident took place on June 2, 2016 and decedent died a little over a week later after being removed from life support.

A government claim was received by the City on July 22, 2016 and Plaintiffs filed suit on February 15, 2017. As required by the City's Memorandum of Understanding with its Joint Powers Association (JPA) Risk Pool, ACCEL, this matter was reported to the ACCEL excess claims administrator on September 8, 2016. The City reported to the administrator throughout the claims and litigation process. The excess administrator reported the matter to the excess carriers for the risk and one of them, Security National failed to open a claim or to follow the matter even though they were notified of the claim, it was reviewed and questioned by its auditors and the reporting criteria was satisfied in the communications with the excess administrator.

Plaintiffs ultimately filed suit in federal court and the jury returned a verdict in favor of the Plaintiffs in the amount of $13.2 million on November 20, 2019. Attorneys' fees were awarded, as well, making the total value of the verdict, including interest, in excess of $15 million. The underlying litigation has been appealed to the Ninth Circuit and is pending.

Security National notified the City that it was not accepting coverage as the City failed to timely report the claim and their interests were prejudiced. Security National filed a Declaration Relief Action against the City in 2020 seeking to formally void coverage for the Valenzuela matter. The City filed a bad faith action in response to the insurer's declination of coverage and legal action. This matter remains pending.

Lawsuit Challenging Electric Rates. On October 3, 2017 and November 2, 2018, the City was served with class action lawsuits on behalf of an Electric System customer and a class of others similarly situated for a tax refund and that the City cease its imposition and collection of electric utility charges based on its current rate structure until it obtains voter approval with respect to its electric utility rates. The court instructed Plaintiff to file a revised complaint in the 2017 action that combines the allegations and claims of both the 2017 and 2018 lawsuits without prejudice to either party's existing rights. On October 28, 2019, the court issued an order requiring Plaintiff to file and serve a Second Amended and First Supplemental Complaint, and on November 19, 2019, Plaintiff served the City with the same to which the City filed a response on December 17, 2019.

The lawsuit generally alleges that the City's electric utility rates are taxes under Article XIIIC of the California Constitution. Article XIIIC imposes a majority voter approval requirement on local governments such as the City with respect to certain fees and charges for general purposes, and a two-thirds voter approval requirement with respect to certain fees and charges for special purposes. As amended by the passage of Proposition 26 by the State electorate at the November 2, 2010 election, Article XIIIC applies by its terms to any levy, charge or exaction imposed, increased or extended by a local government on or after November 3, 2010. Article XIIIC, as amended, deems any such levy, charge or fee to be a "tax," requiring voter approval unless it comes within one of the listed exceptions. Article XIIIC expressly excludes from its definition of a "tax," among other things, a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product. According to the lawsuit, no exception found within Article XIIIC would relieve the City from the voting requirement. The Plaintiff is asking the court to find the City in violation of Article XIIIC and enjoin the City from continuing to impose and collect its electric rates based on its current rate structure until it obtains voter approval. The Plaintiff is seeking a refund, on behalf of herself and a class of all others similarly situated, of the electric utility charges billed and paid. A number of lawsuits making similar claims have been filed against public agencies in the State of California. Article XIIIC is subject to interpretation by California courts and, although the City disputes the allegations, the City is unable to predict the outcome of the litigation at this time.

Lawsuit Challenging Water Rates. On March 3, 2020, the City was served with class action lawsuit on behalf of a Water System customer and a class of others similarly situated alleging that the water rates and fees imposed and collected by the City in 2018 and 2019 and currently charged violate Proposition 218 because they exceed the costs to provide water service pursuant to Article XIIID of the California Constitution. The lawsuit alleges that this is a result of the City subsidizing water for government and governmental services, in particular, the provision of water for fire-fighting services. The litigation in which the City is a defendant also names approximately 80 other California water provider defendants and is being brought by their customers who have made similar allegations, with some exceptions.

A number of water rate challenges under Proposition 218 have been filed against public agencies in California in recent years. The interpretation and application of Proposition 218 will likely be subject to further judicial determinations. The City believes its established and proposed water rates and charges comply with Proposition 218 and, although the City disputes the allegations, the City is unable to predict the outcome of the litigation at this time.

UNDERWRITING

The Bonds are being purchased by Goldman Sachs & Co. LLC, for itself and as representative of BofA Securities, Inc. and Wells Fargo Bank, National Association (the "Underwriters"). Pursuant to a Bond Purchase Contract between the Underwriters, and the Authority (the "Purchase Contract"), the Underwriters have agreed to purchase the Bonds for an aggregate purchase price of $138,313,277.84, which represents the par amount of the Bonds, less an underwriters' discount of $441,722.16, subject to the conditions set forth in the Purchase Contract. The Purchase Contract provides that the Underwriters will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

BofA Securities, Inc., one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (''WFBNA"), one of the Underwriters of the Bonds, has entered in to an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters may offer and sell the Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City or the Authority for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriters are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities, and may be lenders to the City and/or the Authority.

In the ordinary course of their various business activities, the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City and the Authority.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Inc., a division of Standard & Poor's Financial Services LLC business, a part of McGraw Hill Financial ("S&P"), and Kroll Bond Rating Agency, Inc. ("KBRA") will assign to the Bonds their municipal bond ratings of "A2" (stable outlook), "AA" (stable outlook), and "AA+" (stable outlook), respectively, with the understanding that the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued concurrently with the delivery of the Bonds by the Insurer. Moody's and S&P have assigned underlying municipal bond ratings of "A2" (stable outlook) and "A-" (negative outlook), respectively, to the Bonds. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of the ratings may be obtained by contacting them at: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P, 55 Water Street, New York, New York 10041; and KBRA, 805 Third Avenue, 29th Floor, New York, NY 10022. Such ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by such organizations, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Los Angeles, California as Municipal Advisor (the "Municipal Advisor") with respect to the issuance of the Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. PFM Financial Advisors LLC is a full service municipal advisor and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. The Municipal Advisor will receive compensation contingent upon the sale and issuance of the Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the City for the fiscal year ended June 30, 2020 are included in Appendix B to this Official Statement, as part of the comprehensive annual financial report of the City. The financial statements have been audited by KPMG LLP, Irvine, California (the "Auditor"), as indicated in its report appearing therein. The City has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in Appendix B of its report on such financial statements. In addition, the Auditor has not performed any post-audit review of the financial condition of the City and has not reviewed this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Bonds to provide annually certain financial information and operating data relating to the Bonds and the City (the "Annual Report") and, in a timely manner, notice of certain events. For a complete listing of items of information which will be provided in the Annual Report and notices of enumerated events, see APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." Such information is to be provided by the City not later than six (6) months after the end of the City's fiscal year (which currently would be December 31), commencing with the report for Fiscal Year 2020-21. Pursuant to the Continuing Disclosure Agreement, the Annual Report will be filed by City through the Electronic Municipal Market Access (EMMA) website of the MSRB, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to S.E.C. Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The City failed to timely file notice of an unscheduled draw made on the Special Reserve Fund on or about March 1, 2021, as described more fully herein, but filed such notice thereafter on April 23, 2021.

The City has adopted disclosure policies and procedures in an effort to formalize its disclosure practices and implement additional procedures to timely file complete annual reports and event notices in the future.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease Agreement and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Anaheim, 200 South Anaheim Boulevard, Anaheim, CA 92805.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

ANAHEIM PUBLIC FINANCING AUTHORITY

By: /s/ Deborah A. Moreno
Executive Director

CITY OF ANAHEIM

By: /s/ James Vanderpool
City Manager

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APPENDIX A

GENERAL DEMOGRAPHIC INFORMATION REGARDING THE CITY OF ANAHEIM

Information contained in this Appendix A is presented as general background data. The Bonds are payable solely from Base Rental Payments to be made by the City of Anaheim. The County of Orange and the State of California have no obligation to make any payments with respect to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for a description of the security for the Bonds. Further, the information in this Appendix A is obtained from publicly available sources which do not yet provide current information in many cases to reflect the adverse impact of the Pandemic, particularly with respect to employment and taxable transactions. See "RISK FACTORS – Infectious Disease Outbreak – COVID-19" in this Official Statement for additional information.

General

The City was founded and incorporated in 1857. No change in organization took place until June 1964, when the local voters approved a City Charter (the "Charter"). In 2014, Charter amendments were approved to change the City's election of City Council members from at-large voting to "by-district" voting and increase the number of City Council members from four to six (plus the Mayor). The Mayor and the other six City Council members are elected to four year terms in alternate slates every two years. The Mayor presides over meetings of the City Council and has one vote.

The City operates under the Charter and with a Council Manager form of government. The City Council appoints the City Manager, who heads the executive branch of government, implements City Council directives and policies, and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

City authorized full time positions numbered 1,946 as of June 30, 2020, of whom 591 were assigned to the Police Department and 276 to the Fire Department, 236 to public works and 352 to public utilities. The City is assigned a Class Two fire insurance rating by Insurance Services Office, Inc.

The City covers 50 square miles and is located in the northern portion of Orange County, about 28 miles southeast of downtown Los Angeles and about 90 miles north of San Diego. The City lies on a coastal plain which is bordered by the Pacific Ocean on the west and the Santa Ana Mountains on the east.

The City is in the center of an area with 21.1 million people which is comprised of Orange, San Diego, Los Angeles, Riverside and San Bernardino counties. Major freeways in and through the City provide convenient access for industries to labor markets and recreation and commerce to consumers of an even broader area. The Santa Ana Freeway (Interstate 5) connecting Los Angeles and San Diego, is the main artery traversing the City and connects, in or near the City, with the Artesia/Riverside (State Route 91), the Garden Grove (State Route 22), the Orange (State Route 57), and the Costa Mesa (State Route 55) freeways.

Population

The City land area remained at 3.7 square miles from 1900 through 1940. From 1940 to 2014, that area increased to 50.8 square miles. The City's population grew from 14,556 in 1950 to 357,325 in 2020. The City is California's tenth most populous city. The following chart includes the growth in the population of the City since 2005 as well as the growth in the population of Orange County.

City of Anaheim and Orange County Population
Calendar Year

Year(1)	City of Anaheim Population	Orange County Population
1970	166,408	1,421,233
1980	217,400	1,919,400
1990	264,500	2,398,400
2000	325,906	2,831,799
2005	331,458	2,956,847
2006	329,373	2,956,334
2007	329,780	2,960,659
2008	330,659	2,974,321
2009	332,120	2,990,805
2010	336,265	3,010,232
2011	341,936	3,036,412
2012	346,062	3,072,381
2013	349,909	3,103,018
2014	350,784	3,122,962
2015	352,611	3,145,029
2016	353,327	3,162,789
2017	355,904	3,184,229
2018	356,388	3,192,092
2019	356,669	3,192,987
2020	357,325	3,194,332

(1) All data as of January 1, other than 2010 data which is as of the April 1, 2010 Census Benchmark.
Sources: California Department of Finance.
Source: 1970-2000 data from US Census Bureau; 2010-2020 data from State of California Department of Finance.

Tourism and Community and Recreational Facilities

Tourism is a major industry in the City. Much of that industry is centered around the Anaheim Resort Area, a 2.2 square mile area that consists of, among other things, The Disneyland Resort, the Anaheim Convention Center, and a majority of the City's approximately 20,000 hotel and motel rooms. Overall, the City has over 150 lodging establishments and 600 restaurants in a broad range of styles, ethnicities and price ranges.

There have been ongoing expansions and development activity in the Anaheim Resort and Platinum Triangle areas, as well as innovative capital projects to link visitors to the entertainment centers. Recent improvements include the following: in 2012, Disney's California Adventure completed a $1.1 billion expansion and opened its Cars Land attraction; in early 2013, the Anaheim Convention Center opened the Grand Plaza, an outdoor venue offering 100,000 square-feet of event space and the sixth major enhancement to the Anaheim Convention Center; as part of its 20th anniversary celebration in October 2013, Honda Center opened its doors to the outdoor Grand Terrace entertainment venue, adding 15,000 square-foot of entertainment space; in August 2014, the Anaheim Convention Center completed a solar project, which was then the largest solar photovoltaic array placed on a publicly owned/publicly managed convention center in the nation and is designed to produce enough energy to create 3.6 million kilowatt hours of electricity on an annual basis which is equivalent to producing electricity for 600 residential homes; in 2019, Disney opened its Star Wars Land, a 14-acre expansion in Disneyland and in June 2021 Disney is scheduled to open Avengers Campus at California Adventure.

Currently in planning and pre-development, DisneylandForward is a multiyear public planning effort with the City to update existing development approvals that will allow Disney to meaningfully invest in the City for years to come and meet the future demands in entertainment.

Among other projects, Disney plans to significantly invest in transportation, parking, transit and pedestrian safety measures to improve mobility throughout the Anaheim Resort. In the future, Disney envisions creating a new parking destination on the east side of the Anaheim Resort, which would include a pedestrian bridge with upgraded entrance accessibility for hotels and businesses located along Harbor Boulevard. In addition, Disney will continue to work with area businesses and the city to invest in and encourage the use of public transit and ride-sharing for Disney cast and guests.

Anaheim Convention Center

The Anaheim Convention Center provides 813,000 square feet of exhibit space and 130,000 square feet of meeting and ballroom space and continues to be a sought-after meeting, event and entertainment destination. The Anaheim Convention Center hosts large annual events that have included NAMM, Natural Products, Medical Design Wondercon, D23 and Blizzcon, as well as a multitude of trade shows, educational events, consumer shows and conventions. In 2012, the Anaheim Convention Center was the recipient of the 2012 Venue Excellence award for convention centers, presented by the International Association of Venue Managers, an organization recognized as the world-wide leader in the venue management industry.

In January 2013, the Anaheim Convention Center dedicated the opening of the Grand Plaza, a 100,000 square foot pedestrian plaza that includes a 45 foot lighted entry monument, more than 80,000 square feet of colored concrete and pavers, 153 palm trees, 60 citrus trees, and three signature water features with a river of lights connecting the Mountain Fountain and flowing through the Anaheim fountain and continuing to the Ocean fountain.

Angel Stadium

In 1964, the City commenced construction of the Angel Stadium (renamed Angel Stadium of Anaheim) (the "Stadium") for the public presentation of major league baseball, football, soccer, track, field and other sporting and nonsporting events. In 1964, the City entered into a 35 year agreement with Golden West Baseball Company (the California Angels) for the purpose of exhibiting American League Baseball at the Stadium.

In 1996, Anaheim Angels L.P. acquired 100% of what is now known as the Los Angeles Angels of Anaheim American League Baseball franchise and reached agreement with the City on a plan to keep the Angels in the City for the next 33 years. The agreement centered around a $118 million renovation of the Stadium, with Anaheim Angels L.P. obligated to pay $80 million of the total costs and for any costs overruns in excess of $100 million. The renovation made the Stadium a smaller and more intimate park with approximately 45,000 seats and upgraded concessions, suites, seating and other amenities. Also as part of the agreement, Anaheim Angels L.P. took over operation of the Stadium effective October 1, 1996. In 2003, Arturo Moreno (Angels Baseball LP) purchased the team for $185 million.

On December 19, 2019, the Anaheim City Council adopted a resolution approving the Purchase and Sale Agreement between the City and SRB Management Company, LLC (SRB) for the sale of approximately 153 acres of City-owned property generally located at 2000 E. Gene Autry Way and 2200

East Katella Avenue, including improvements commonly referred to as Angel Stadium of Anaheim, the City National Grove, and surrounding parking areas. Key transaction terms included a purchase price of $325 million, a commitment by the Angels to play home games in the City through at least 2050, waiver of Angels Baseball's right to terminate the existing lease, $70 million in periodic deposits to be made by SRB and credited against the purchase price, and a milestone schedule for establishing development entitlements. On May 12, 2020, the City entered into a letter of understanding (LOU) with SRB extending the inspection deadline by ninety (90) days from June 30, 2020 to September 30, 2020, and accelerating the time required for making the third deposit.

In September 2020, the City Council approved a plan to sell Angel Stadium and surrounding land, enabling development of homes, hotels, restaurants, shops, and parks in the area around the stadium. Currently, the sale is expected to close in late 2021 or 2022. The City is currently reviewing tract maps to subdivide the land for development.

Until the sale is finalized and under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to $500,000 per year adjusted annually for CPI as a capital reserve contribution, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions ($2.00 per paid admission in excess of 2.6 million admissions per year), net income from nongame events (in excess of $2,000,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of $4,000,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The May 14,1996 Agreement also provided the City the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of $1,000,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for $6,700,000 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of $150,000 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of $400,000, thereby limiting the City's share of net losses to a maximum of $240,000 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to $176,000 and is subject to adjustment annually based on CPI increases. Nederlander paid the City $217,000 for the year ended June 30, 2020, for parking and common area maintenance. Under the Stadium Sale and Purchase Agreement, development rights and any right to levy income, will upon satisfaction of the conditions therein, pass to SRB, the new owner. Certain conditions and legal requirements remain to be satisfied for the sale to conclude in accordance with the terms of the Stadium Sale and Purchase Agreement.

Honda Center

In June 1993, the City completed construction on the $103 million 19,400-seat Honda Center (home to the Anaheim Ducks of the National Hockey League and concert/entertainment venue) (the "Honda Center") with approximately 3,900 parking spaces. The Honda Center is now home to the National Hockey League's Anaheim Ducks and is equipped to accommodate National Basketball Association games, national touring shows as well as major concerts.

In 2018, Honda Center held more than 120 events including concerts, shows, and sporting events such as Depeche Mode, P!NK, Shakira, J. Cole, Chris Stapleton, Fall Out Boy, Disney On Ice, and the Los Angeles Lakers. As it celebrates its 25th anniversary, Honda Center continues to operate as Orange County's premier entertainment and sports venue with new shows and various upgrades around the building.

In an effort to enhance the guest experience, Honda Center continues to make changes throughout the venue. Currently, the in-bowl seating replacement project is underway. The first phase completed prior to the start of the 2018-19 Anaheim Ducks season, with phase two scheduled to be completed in 2019. In late 2018, Honda Center opened The Wine Cellar Preserved by Sub-Zero, a wine bar available exclusively to guests seated on the Pacific Premier Bank Club Level.

The agreement between Anaheim Arena Management, LLC and the City was recently amended and extended to 2048. As a result, the Anaheim Ducks are expected to stay at the Honda Center until 2048.

City National Grove of Anaheim

In 2018, City National Grove of Anaheim held more than 200 events and welcomed 105,000 guests. Performances included favorites such as David Crosby, Brian McKnight, YES, Rufus Wainwright, comedians Russell Peters, Kathleen Madigan and Lewis Black, podcasters #IMOMSOHARD and Disney Junior Live.

The 1,700 capacity venue was named "Orange County's Favorite Live Music Venue," by the Los Angeles Times, and ranked #80 out of the Top 200 venues of its size according to Pollstar magazine in 2018.

Anaheim Regional Transportation Intermodal Center - ARTIC

In December 2014, the City opened ARTIC, a transit hub in the Platinum Triangle, a growing and dynamic mixed use area, and within walking distance of both the Angel Stadium and the Honda Center. ARTIC serves as a transit hub for Orange County and the entire Southern California region with bus and rail services that include: Amtrak Metrolink, Orange County Transportation Authority Anaheim Resort Transportation, Tres Estrellas De Oro bus service to Mexico, Greyhound Megabus.com, Flixbus, shuttles, taxis, and outdoor bicycle racks and lockers.

In January 2018, the City and AAM entered into negotiations to secure opportunities to create an entertainment district with the Platinum Triangle, keep the Anaheim Ducks in the City, remove the City's $2.5 million General Fund obligation from operating ARTIC, and create opportunities to create and secure revenues and other economic benefits that could be realized through development of under-utilized city land.

ocV!BE

The ocV!BE project, currently in development, will consist of a $3 billion, 95-acre master-planned, mixed-use development surrounding the iconic Honda Center in Anaheim. The project is planned to include a new concert venue, a 68,000-square-feet food hall, two new hotels, office tower, and residential apartments. This project is expected to create more than 10,000 construction jobs and more than 3,000 permanent jobs upon completion, as well as more than $2 billion in one-time economic impact prior to completion and more than $400 million in annual recurring economic impact.

Muzeo

The Muzeo Museum and Cultural Center is a 25,000 square foot complex encompassing Anaheim's original Carnegie Library and the Main Gallery, a state of the art gallery space opened in 2007. Its mission is to engage the community in exploring and celebrating diverse heritage, culture and arts through creative programming. Muzeo is located in downtown Anaheim near the intersection of Broadway and Anaheim Boulevard. Muzeo programming offers civic events as well as rotating exhibits and permanent exhibits on the history of Anaheim.

Recreational Facilities

Orange County is a major tourist center of Southern California, attracting over 47 million annual visitors. Forty-two miles of shorelines with more than twenty publicly maintained beach areas provide year-round aquatic activities.

In the City, there are two 18-hole golf courses, 57 city parks, a nature center, and community centers that include senior citizen centers.

Recreational and amusement facilities in the City include Disneyland, Disney's California Adventure, Downtown Disney, Anaheim GardenWalk, House of Blues-Anaheim, the Anaheim Convention Center, the Angel Stadium, the Honda Center, and the City National Grove of Anaheim. Within one hour's drive from the City are Knott's Berry Farm in the adjacent City of Buena Park, the Los Alamitos Race Course, the renowned Spanish Mission of San Juan Capistrano, and the Art Colony at Laguna Beach, which sponsors an annual art festival, and numerous cultural events and attractions in Los Angeles. The Newport Harbor area, a few miles south of the City, provides anchorage facilities for approximately 4,600 private boats. Boat launching ramps, deep sea fishing, scuba-diving, and other aquatic activities are readily accessible. Within a two-hour drive are numerous summer and winter resort areas in the San Bernardino and San Jacinto mountains.

Other Anaheim facilities include a main public library, six branch libraries and a bookmobile. The MUZEO museum and cultural arts center, Anaheim Ice, the practice rink for National Hockey League's Anaheim Ducks, and the American Sports Center, the largest indoor sports complex in the world, are also located in the City.

City Enterprise Operations

The City provides, at cost to consumers and residents, water, refuse collection, recycling, electric, wastewater and stormwater services. A portion of the revenues from these enterprises is annually paid to the City's General Fund for various administrative support services provided to the enterprises. Additional enterprise operations include the Convention Center Enterprise, Golf Enterprise, Sanitation Enterprise, Stadium Enterprise, Utilities Enterprise and ARTIC Management Enterprise. These are substantially self-supporting funds.

Building Activity

In 2020, the City issued 3,011 building permits with a total valuation of approximately $208.85 million. The table below provides information on City building permits for the five calendar years ending 2020.

City of Anaheim
Building Activities
Calendar Year

	2016	2017	2018	2019	2020
Total Valuation (thousands)	$698,585	$548,846	$710,918	$466,015	$208,845
Total Permits Issued	3,286	3,157	3,019	3,341	3,011
New Construction:					
Residential (thousands)	$204,052	$121,579	$116,014	$142,546	$ 95,701
Permits	147	79	141	108	108
Non-Residential (thousands)	$284,771	$153,428	$322,629	$ 75,075	$ 24,395
Permits	44	43	46	58	36
Additions and Alterations:					
Residential (thousands)	$ 33,389	$ 40,559	$ 36,752	$ 41,613	$ 40,718
Permits	2,027	2,024	1,848	2,080	2,031
Other (thousands)	$176,373	$233,280	$235,523	$206,781	$120,031
Permits	1,068	1,011	984	1,095	836
New Dwelling Units:					
Total Residential Units	1,295	753	476	684	460

Source: City of Anaheim Planning Department, Building Division.

Employment

Employment in the City decreased from about 162,300 in 2016 to about 149,500 in 2020 and in Orange County decreased from about 1,532,700 in 2016 to about 1,416,700 in 2020. The Orange County unemployment rate was lower than that in the State in each of the past five years. The mobile resident labor force of Orange County is employed not only in the County but also in adjacent counties, such as Los Angeles, San Bernardino and Riverside.

City of Anaheim
Employment, Unemployment and Labor Force(1)
Calendar Year Averages: 2016-2020

	2016	2017	2018	2019	2020
Employment	162,300	163,800	165,700	165,400	149,500
Unemployment	7,300	6,400	5,400	5,200	17,500
Civilian Labor Force	169,600	170,300	171,100	170,600	167,100
Unemployment Rate	4.3%	3.8%	3.1%	3.0%	10.5%
State Unemployment Rate	5.5%	4.8%	4.3%	4.2%	10.1%

(1) Data not seasonally adjusted.
Source: State of California, Employment Development Department.

Orange County
Employment, Unemployment and Labor Force[(1)]
Calendar Year Averages: 2016-2020

	2016	2017	2018	2019	2020
Employment	1,532,700	1,550,100	1,568,000	1,567,200	1,416,700
Unemployment	64,700	56,700	48,100	45,900	136,600
Civilian Labor Force	1,597,400	1,606,800	1,616,000	1,613,100	1,553,300
Unemployment Rate	4.1%	3.5%	3.0%	2.8%	8.8%
State Unemployment Rate	5.5%	4.8%	4.3%	4.2%	10.1%

(1) Data not seasonally adjusted.
Source: State of California, Employment Development Department.

Industry and Employment

The principal employers within the City boundaries and the number of persons employed by each organization are shown below:

City of Anaheim Principal Employers
As of June 30, 2020

Company	Number of Employees
Disneyland Resort	32,000
Kaiser Permanente	3,057
L-3 Communications	2,113
Anaheim Regional Medical Center	1,201
Hilton Anaheim	1,200
Northgate Gonzalez Supermarkets	1,150
Advantage-Crown Sales & Marketing LLC	1,100
Angels Baseball	1,000
Anaheim Global Medical Center	975
West Anaheim Medical Center	800
Total jobs provided by principal employers	44,596
Principal Employers As Percent Of Total Jobs	25.64%

Source: City of Anaheim Comprehensive Annual Financial Report for Fiscal Year 2019-20.

The following chart provides a comparison, for the years indicated, of the average annual unemployment rates in the City of Anaheim, the City of Los Angeles, the County of Orange, the State of California and the United States.

Annual Average
Unemployment Rates
For Years 2010 through 2020

Year	City of Anaheim	City of Los Angeles	County of Orange	State of California	United States
2010	12.5	13.3	10.0	12.5	9.6
2011	11.6	12.9	9.3	11.9	8.9
2012	10.1	11.6	8.0	10.5	8.1
2013	8.4	10.3	6.7	9.0	7.4
2014	7.0	8.7	5.6	7.6	6.2
2015	5.7	7.1	4.5	6.3	5.3
2016	4.3	5.3	4.1	5.5	4.9
2017	3.8	4.8	3.5	4.8	4.4
2018	3.1	4.7	3.0	4.3	3.9
2019	3.0	4.6	2.8	4.2	3.7
2020	10.5	12.9	8.8	10.1	8.1

Source: State of California, Employment Development Department, Labor Market Information Division and U.S. Department of Labor, Bureau of Labor Statistics.

Per Capita Income

The following table summarizes per capita personal income for the Los Angeles-Long Beach-Anaheim Statistical Area, California and the United States for the years 2010 through 2019:

Year	Los Angeles-Long Beach-Anaheim Statistical Area	California	United States
2010	45,050	43,636	40,547
2011	47,662	46,175	42,739
2012	50,912	48,813	44,605
2013	50,487	49,303	44,860
2014	53,450	52,363	47,071
2015	56,945	55,833	49,019
2016	58,945	58,048	50,015
2017	61,159	60,549	52,118
2018	63,886	63,720	54,606
2019	66,684	66,619	56,490

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Education

The City is served by three non-traditional public schools, eleven public high schools, seven public junior high schools and forty-six public elementary schools. Almost all of the City lies within eight districts: the Anaheim, Centralia, Magnolia, and Savanna Elementary School Districts, the Anaheim Union High School District, the Orange Unified and Placentia-Yorba Linda Unified School Districts, and the North Orange County Community College District.

There are a number of institutions of higher learning located in the City, including Bethesda University of California, Bristol University, California University of Management and Sciences, South Baylo University, Southern California Institute of Technology and West Coast University. Other institutions in Orange County, including the University of California, Irvine, California State University, Fullerton, Chapman University, Cypress College, Fullerton College, and a number of public community colleges.

Capital Improvements

The City have several projects pending under its Capital Improvement Program (CIP) in the near term. Expenditures are funded by a variety of sources and accounted for in a variety of funds including, but not limited to Capital Projects Funds and Enterprise Funds. The CIP contained herein includes five years of projected capital needs. The first year of the program is the capital budget for which project money has been authorized. The remaining four years of the CIP will serve as a financial plan for ongoing capital investments. The financial plan will be reviewed each year as the CIP is updated and prepared. Approval of the five-year capital plan does not constitute approval of individual projects. As they move forward in the development process, projects are brought before City Council for final approval and award of the contract. Until a contract is awarded, projects may change in scope or be reprioritized based on current circumstances.

Significant improvements are planned for the City's parks, community centers, neighborhood infrastructure, streets and roads and various community facilities. In the area of recreation, parks, and libraries, the Fiscal Year 2021-22 CIP includes projects to rehabilitate critical park infrastructure as well as planning for new play spaces and amenities that would enhance existing community areas. Additionally, projects also provide for new sports fields, in order to better meet the needs of the community. The General Fund has no significant CIP expenditures budgeted.

Public Transportation

The Anaheim Regional Transportation Intermodal Center ("ARTIC") is the County's central transportation hub. ARTIC accommodates 10 modes of transportation, including Amtrak, Metrolink, public and charter bus services, taxi service, carpooling and service for bicyclists utilizing the adjacent Santa Ana River Trail. ARTIC is designed to accommodate future modes of transportation and is situated along the LOSSAN corridor (Los Angeles-San Diego), which is the second most traveled rail corridor in the country.

Currently, Amtrak rail passenger service is available through a station situated near Angel Stadium of Anaheim (the "Stadium"). Four other railroads, the UPSP Railroad, the Santa Fe, the Burlington Northern Santa Fe, and the Metrolink Commuter Service, and numerous truck carriers in Southern California also provide passenger and/or freight services.

Daily bus service for residents and the 20 million tourists and conventioneers who visit Orange County and the City annually is provided by various lines including the Orange County Transportation Authority, Metropolitan Transportation Authority, Greyhound Lines and Valen Transportation Services.

The major airports in the area include John Wayne (14 miles southwest), LA/Ontario International (20 miles northeast), Los Angeles International (30 miles northwest) and Long Beach (14 miles west).

APPENDIX B

CITY OF ANAHEIM COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Year Ended ▪ June 30, 2020

2020

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

Prepared by the Finance Department

ANAHEIM

ANAHEIM, CALIFORNIA

ANAHEIM

CITY COUNCIL

Harry S. Sidhu
Mayor

Stephen Faessel
Mayor Pro Tem
District 5

Denise Barnes
Council Member
District 1

Jordan Brandman
Council Member
District 2

Jose F. Moreno
Council Member
District 3

Lucille Kring
Council Member
District 4

Trevor O'Neil
Council Member
District 6

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June 30, 2020

Comprehensive Annual Financial Report
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June 30, 2020

INTRODUCTORY SECTION

City of Anaheim, California
Finance Department

December 21, 2020

To the Honorable Mayor and City Council
City of Anaheim
Anaheim, California

In accordance with the Charter of the City of Anaheim (City), please accept submission of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the City. We believe the data included is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and operational achievements of the City, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

The City Charter requires an annual audit of the City's financial statements by an independent Certified Public Accountant. Accordingly, this year's audit was completed by KPMG LLP. In addition to meeting the requirements set forth in the City Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and the Uniform Guidance. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors reports related specifically to the single audit are presented as a separate document.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the City's basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OF ANAHEIM PROFILE

The City of Anaheim is located in northwestern Orange County, approximately 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. The City lies on a coastal plain, which is bordered by the Pacific Ocean to the west and the Santa Ana Mountains to the east. The City is the oldest and most populous city in Orange County. Anaheim is home to the Disneyland Resort, the Anaheim Convention Center, the Anaheim Regional Transportation Intermodal Center (ARTIC), and two major league professional sports teams the Angels Major League Baseball team, which utilizes Angel Stadium of Anaheim, and the Anaheim Ducks National Hockey League team, which utilizes the Honda Center.

The City of Anaheim was founded and incorporated in 1857. In June 1964, the local voters approved a City Charter. The City operates under the Charter and with a Council-Manager form of government. The six City Council members are elected to four-year terms in alternate slates every two years. In February 2016, the City Council unanimously adopted the city's first districting map and election sequence, changing the election of council members from an at-large system to a by-district system as of the November 2016 election; the Mayor continues to be elected at-large. The Mayor presides over meetings of the City Council and has one vote.

The City Council appoints the City Manager, who heads the executive branch of government, implements City Council directives and policies, and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

City full-time employees numbered 1,946 in 2020, of whom 591 were assigned to the Police Department and 276 to the Fire & Rescue. The latter has twelve stations; the City enjoys a Class One fire insurance rating, the highest rating possible.

Anaheim, with a population of 357,325 in 2019, is a significant contributor to the diverse Orange County economy, which is home to more than 8,500 manufacturing plants. Product manufacturers include notable manufacturing businesses focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 24,000 active business licenses, of which over 17,000 are businesses operating within the City's boundaries.

The City provides a wide range of municipal services. Core services include public safety, parks, community centers, libraries, electric, water and sanitation utilities, public works, planning and buildings, and convention center.

ECONOMIC CONDITION AND OUTLOOK

Since March 2020, the public health emergency associated with the coronavirus disease 2019 (COVID-19) pandemic has created significant challenges for our residents, businesses, and visitors. The effect of COVID-19 to the economy has been sudden, with an immediate effect to revenues that the City of Anaheim relies on to support its core services. However, unlike past declines to the global economy, we hope that the significant impacts of COVID-19 will be of limited duration due to the importance of tourism to our local economy.

After several years of slow to moderate growth after the Great Recession, the economy has been shocked due to the current Coronavirus disease (COVID-19) pandemic. This recession is unlike any other that we have seen and there is much uncertainty to what the recovery will look like. When COVID-19 hit the US, in March 2020, the fundamentals of the US economy were strong. Unemployment was at historically low levels; savings rates were at a 30 year high; and consumer debt markets had very low delinquency rates.

With the Stay-At-Home order impacting closure of all nonessential businesses, the unemployment rate in Anaheim in June 2020 was 13.6%, while the national average was at 11.1% and the state average at 15.1%.

The City of Anaheim, like most other municipalities, has experienced significant revenue shortfalls due to COVID-19, which we anticipate will remain throughout fiscal year 2020/2021 and a large portion of fiscal year 2021/2022 as tourism and sales slowly return to pre-pandemic levels. Unfortunately, the City of Anaheim is a destination city that has been particularly hard hit by the Stay-At-Home orders that have essentially halted all revenues from Transient Occupancy Taxes (TOT) and also reduced revenues from Sales and Use Taxes. Since mid-March, sporting events, concerts, plays, conventions and conferences have been cancelled and Disneyland has been closed. Aside from direct revenue losses from these closures, hotels, restaurants, and retail businesses have also been closed to comply with public health orders, further impacting the City's finances. The City has also been subject to substantial pandemic expenditures, and while we will continue to apply for applicable State and Federal funds, any potential funds and reimbursements remain uncertain. If this shock to the economy is short enough, we expect that the economy will catch up and this will be the "Great Disruption[1]". Economists expect a sharp drop in employment and a commensurate rise in employment in the near term, with the vast majority of workers that have lost their jobs being laid off temporarily, unlike in the Great Recession when jobs were permanently lost.

When the City adopted the fiscal year 2020/2021 budget, it was expected that revenues for the last quarter of fiscal year 2019/2020 would be down drastically, but a huge bounce-back would occur in the first quarter of fiscal year 2020/2021 which would contribute to a V-shaped recovery. While there was a strong economic rebound in the first quarter of fiscal year 2021, we are now dealing with a second wave of the virus and the Anaheim Resort looks to remain closed throughout fiscal year 2021. While recovery is expected to resume in fits and starts, and may take a while, we are hopeful that pent up demand for purchases, travel and entertainment will help to push the economy forward after the Stay-At-Home orders are lifted. However, as long as social distancing remains, revenues will continue to be impacted.

In order to immediately address shortfalls for the current fiscal year, the City has stopped all non-essential spending, instituted a hiring freeze, deferred vehicle purchases fully utilized our reserves. While these reductions are both helpful and prudent, they will not close the significant gaps for fiscal years 2020/2021 and 2021/2022. Unlike other municipalities, the City of Anaheim has intentionally tried to delay certain impacts to our employees. The City took quick action to provide employees with a temporary leave program for COVID-19 related needs and also implemented telecommuting arrangements for a significant portion of the City workforce, preceding the Federal Families First Coronavirus Response Act (FFCRA) that was later introduced.

With continued economic uncertainty, the City adopted the fiscal year 2020/2021 budget which is intended to be a temporary budget. We are showing a 20%, or approximately $75 million, reduction to departments as placeholders while we work through the problem and assess how we can use all the tools in our toolbox. The development of a reduced financial plan will require departments to make tough decisions. City Staff is analyzing areas in which expenditures can be reduced while minimizing impacts to services as much as possible. The City's commitment to serving the homeless population in Anaheim remains with continued funding in fiscal year 2020/2021 for the operation of the Salvation Army Shelter and La Mesa Shelter, while we await the opening of the Center of Hope. The City will continue to pursue grants to help support the operation of the shelters. In addition to any potential grants to address the City's homeless shelters, we will also continue to explore new revenue opportunities and limit any strategic borrowing, while working with City stakeholders, including seeking concessions from our labor groups, in an effort to minimize service level impacts. This plan will bridge the gap as we continue to work together to assess the economic situation and will need to be revisited in the coming months to ensure that the City remains fiscally sound in the years ahead.

1 California State University, Fullerton, Spring 2020 Economic Forecast

MAJOR INITIATIVES

With direction from the Mayor and City Council, City management identifies the priorities that shapes the path for Anaheim's future. City initiatives are reevaluated regularly, and new items are frequently added to ensure that City efforts are consistent with the priorities of our policy body and the community. The City strives each year to better fulfill its mission of delivering outstanding municipal services that are responsive to our entire community by continuing its tradition of fostering innovation, ingenuity, and opportunity in its operations. This helps achieve the primary goals of focusing on ensuring public safety in our communities, combatting homelessness, increasing community engagement and outreach, investing in our neighborhoods, and enhancing our city's infrastructure. City staff is dedicated to seeking innovative and efficient ways to conduct business to ensure that Anaheim remains a vibrant community for the years to come.

IMPROVING OUR INFRASTRUCTURE

Despite the aforementioned challenges, the City adopted the fiscal year 2020/2021 Capital Improvement Program (CIP) that will invest more than $177 million in our community with new or enhanced parks and public spaces, continued street and transportation improvements, and utility system upgrades. These enhancements are able to continue because the CIP is funded through various restricted sources outside of the General Fund, such as the Community Development Block Grant, transportation grants, and utility fees. The five-year CIP prioritizes neighborhood investment projects to address the recreational needs of residents. The CIP also provides for streetlight additions, upgrades to improve roadway visibility, energy generation projects to engage and benefit the community, and the replacement of aged or substandard substation equipment, electric distribution infrastructure, and water mains to increase service reliability. Numerous transportation system upgrades are also planned, including the rehabilitation and reconstruction of roadways, and sidewalk gap closures to improve safety for pedestrians. These improvements will ensure that Anaheim's transportation network continues to be efficient and safe.

ENSURING PUBLIC SAFETY

Anaheim has taken the lead and done more than any city in Orange County to address coronavirus. Since the onset of the pandemic, the city has provided regular, timely updates to the community on case numbers, testing, state restrictions on businesses and community and economic relief on social media and on our dedicated coronavirus webpage at Anaheim.net/coronavirus. City staff also provides regular updates at every City Council meeting.

Anaheim has stepped up to host COVID-19 testing sites at the Anaheim Convention Center and Anaheim City Hall, as well as partnered with the county and testing site operator 360 Clinic to provide mobile testing in Anaheim's hardest hit neighborhoods. The city has also partnered with nonprofit Latino Health Access to provide weekly testing in impacted neighborhoods and distribute information in Spanish.

The city has also stepped up to provide relief to struggling residents and businesses through the Anaheim Community and Economic Recovery Plan. Through Federal and State funds, Anaheim has dedicated $36 million to help families, seniors, essential workers, restaurants, homeless, renters and others in need. The plan has included the Rental Assistance Program, Internet Access Rebate Program, Outdoor Dining Grant Program, small business loans and more. We've also provided meals for seniors and distributed disposable face masks to the community through drive-thru giveaways and at our testing and food distribution sites.

Moving forward, Anaheim stands ready to help OC Health administer vaccines using our established testing sites and mobile outreach to neighborhoods.

INVESTING IN OUR NEIGHBORHOODS

The Anaheim City Council, in votes on September 30, 2020 and on October 6, 2020, approved keeping Angels Baseball in the city through at least 2050, selling the city's stadium and surrounding land for $320 million and seeing development of an urban village with homes, hotels, offices, jobs and public transit.

The approval calls for:

- The Angels to play in Anaheim through at least 2050 with five five-year extensions or through 2075;
- Selling 150 acres of land and Angel Stadium of Anaheim for an appraised market value of $320 million;
- Payment to city of $50 million in cash due at close at the closing from escrowed deposit, and a promissory note of $100 million, payable in five annual installments;
- $170 million in 466 affordable apartments for working families and a 7-acre flagship public park;
- Development of stadium land as homes, offices, hotels, restaurants, shops, entertainment and parks and open spaces, driving new city revenue from property, sales and hotel taxes.

Approval of the agreement comes after nearly a year of discussions, negotiations and formulation between the city and SRB Management

Company LLC (SRB), made up of Angels owner Arte Moreno and family, and Angels Baseball LP, the operating company for the baseball team. The approval follows unsuccessful attempts in 2013/2014 and in 2016 to secure baseball's long-term future in Anaheim as well as development around the stadium.

The City of Anaheim, which built what is today Angel Stadium of Anaheim in 1966 and has owned it since, is selling the stadium and 150 acres of land for $320 million to SRB. The land around the stadium is set to see development while the stadium is expected to be renovated or replaced by a new one. The sale will end 50-plus years of city stadium ownership and put any future maintenance, renovation or stadium construction costs solely in the hands of SRB.

The agreement calls for closure of a sale in late 2021 or early 2022 with city review and approval of what is known as a vesting tentative tract map, which divides the land up for development.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management's representations concerning the finances of the City. As a result, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

BUDGETARY CONTROLS:

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, debt service funds, capital projects funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

RELEVANT FINANCIAL POLICIES:

Through sound fiscal management, the City of Anaheim positions itself to provide a positive atmosphere for economic development and the flexibility to strategically address budgetary challenges that result from fluctuations in the local, national, and global markets. As of June 30, 2020, the City's General Fund has a spendable, unassigned fund balance of $11 million, which represents 3% of the General Fund total fiscal year 2019-2020 expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures. To augment the reduction in reserves deficit due to COVID-19, the General Fund borrowed $33 million from the General Benefits and Insurance Fund, an Internal Service Fund of the City, to be repaid over ten years. This internal borrowing allows for General Fund available reserves of $44 million and at 12% of the General Fund fiscal year 2019-2020 expenditures. Further, these funds were available because the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City has fully funded its compensated absences and self-insurance liabilities. Additionally, the City has established an irrevocable trust for other postemployment benefits (OPEB) and continues to make the annual required actuarial determined contribution (ADC) to ensure this future obligation is fully funded.

LONG-TERM FINANCIAL PLANNING:

On June 23, 2020, the City Council adopted the fiscal year 2020/2021 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires, and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2020, and totaled $696 million for the five-year fiscal period ending June 30, 2025. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

AWARD

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 44th consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2019). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis is a team effort involving many dedicated people across the entire organization. I would like to extend a special thanks to the talented finance professionals throughout the City, led by Peggy Au, Financial Accounting Manager. Appreciation is also expressed to Mayor Harry S. Sidhu, Former Council Member Lucille Kring, City Manager James Vanderpool, and Assistant City Manager Gregory A. Garcia for their significant contributions as members of the Audit Committee. In closing, without the leadership and support of the City Council, preparation and results of this report would not have been possible. Its leadership has made possible the implementation of these important and innovative concepts in fiscal management by the City.

Respectfully submitted,

James Vanderpool
City Manager

Deborah A. Moreno
Finance Director/City Treasurer

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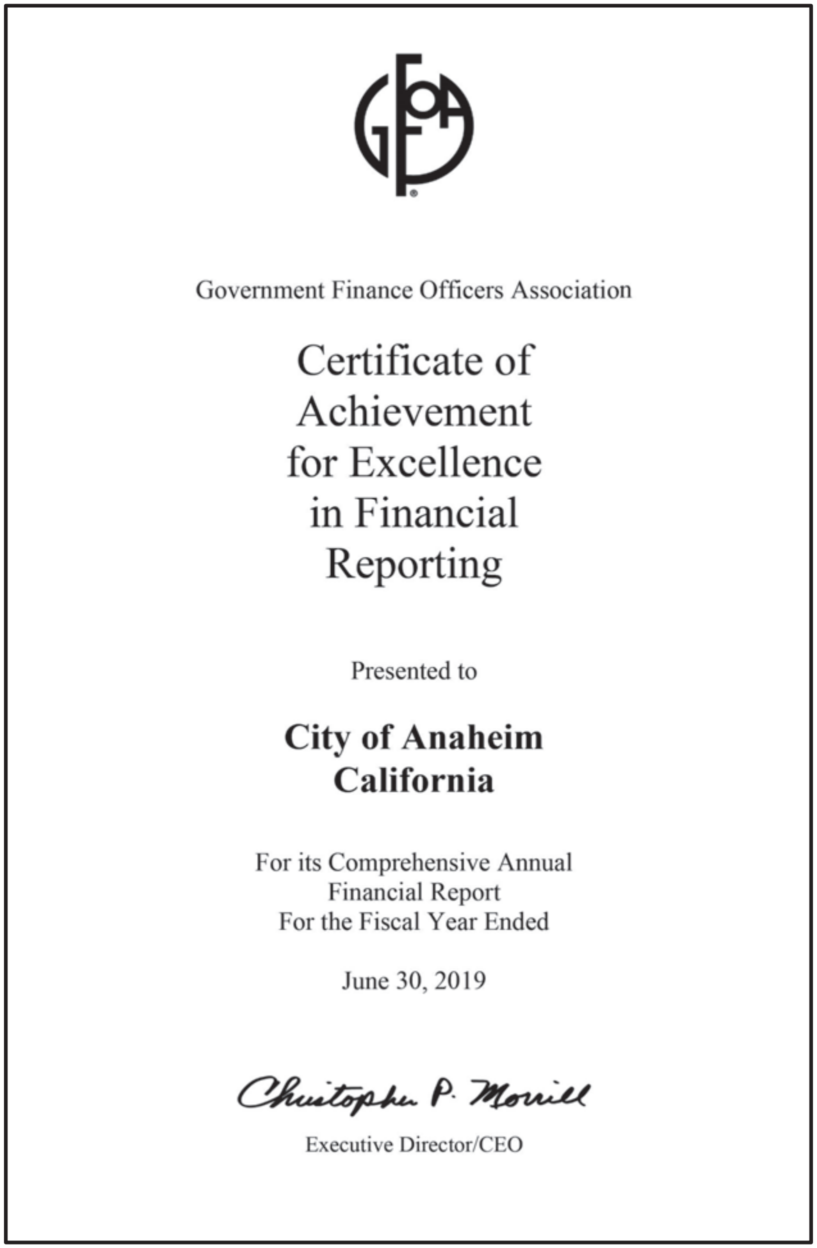
Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anaheim California

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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 Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.

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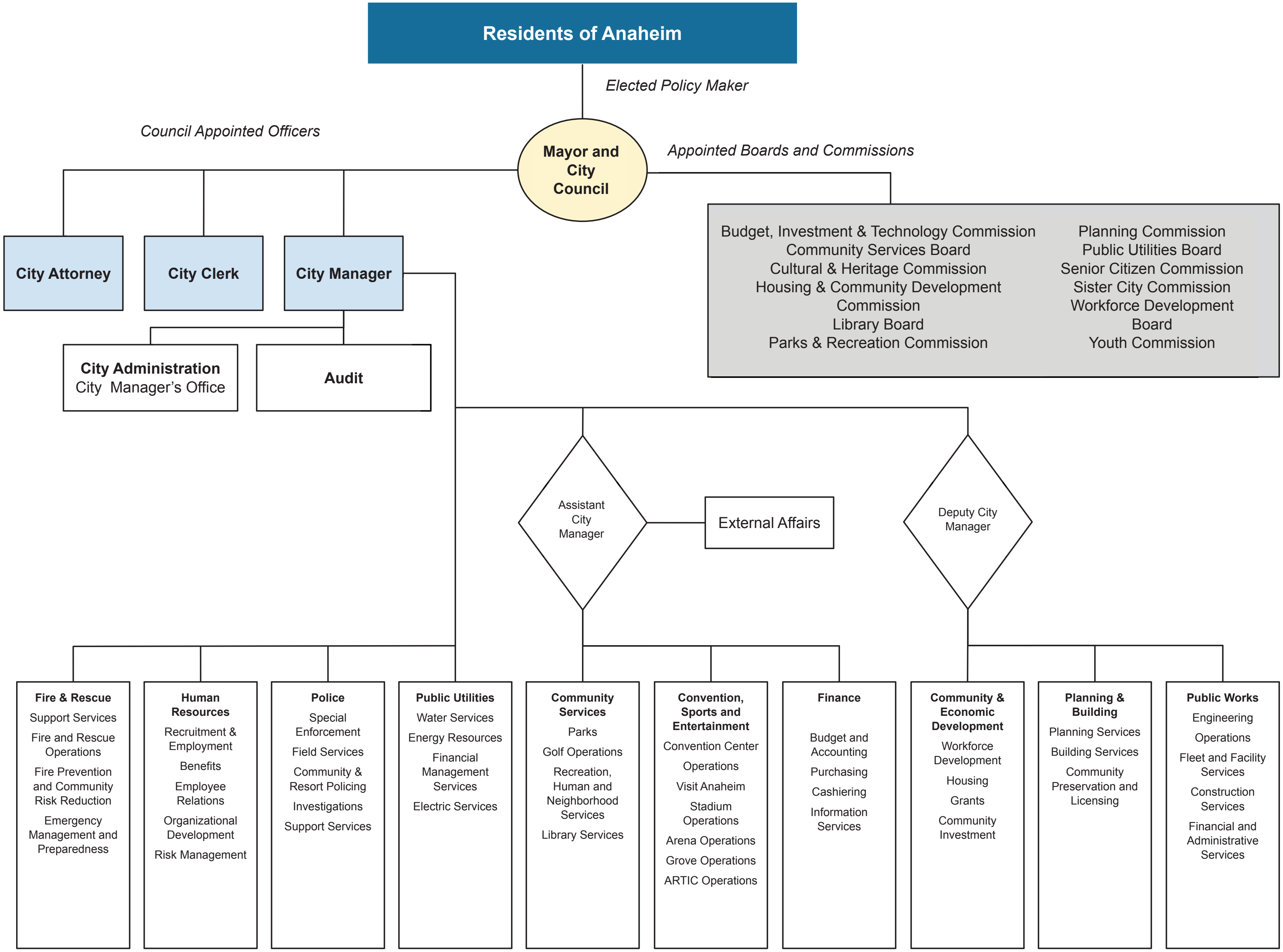

Residents of Anaheim
Elected Policy Maker
Mayor and City Council
Council Appointed Officers
Appointed Boards and Commissions
Budget, Investment & Technology Commission
Community Services Board
Cultural & Heritage Commission
Housing & Community Development Commission
Library Board
Parks & Recreation Commission
Planning Commission
Public Utilities Board
Senior Citizen Commission
Sister City Commission
Workforce Development Board
Youth Commission
City Attorney
City Clerk
City Manager
City Administration
City Manager's Office
Audit
Assistant City Manager
External Affairs
Deputy City Manager
Fire & Rescue
Support Services
Fire and Rescue Operations
Fire Prevention and Community Risk Reduction
Emergency Management and Preparedness
Human Resources
Recruitment & Employment
Benefits
Employee Relations
Organizational Development
Risk Management
Police
Special Enforcement
Field Services
Community & Resort Policing
Investigations
Support Services
Public Utilities
Water Services
Energy Resources
Financial Management Services
Electric Services
Community Services
Parks
Golf Operations
Recreation, Human and Neighborhood Services
Library Services
Convention, Sports and Entertainment
Convention Center
Operations
Visit Anaheim
Stadium Operations
Arena Operations
Grove Operations
ARTIC Operations
Finance
Budget and Accounting
Purchasing
Cashiering
Information Services
Community & Economic Development
Workforce Development
Housing
Grants
Community Investment
Planning & Building
Planning Services
Building Services
Community Preservation and Licensing
Public Works
Engineering
Operations
Fleet and Facility Services
Construction Services
Financial and Administrative Services

Administrative Personnel
As of December 21, 2020

City Manager	James Vanderpool
Assistant City Manager	Gregory A. Garcia
Deputy City Manager	David Belmer
Chief of Police	Jorge Cisneros
City Attorney	Robert Fabela
City Clerk	Theresa Bass
Community & Economic Development Director	John E. Woodhead IV
Community Services Director	Larry Pasco
Convention, Sports & Entertainment Executive Director	Thomas Morton
Finance Director/City Treasurer	Deborah A. Moreno
Fire Chief	Patrick Russell
Human Resources Director	Linda N. Andal
Public Utilities General Manager	Dukku Lee
Public Works Director	Rudy Emami

FINANCIAL SECTION

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

Honorable Mayor and City Council
City of Anaheim, 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 Anaheim, California (the City), as of and for the year ended June 30, 2020, 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 U.S. generally accepted accounting principles; 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 the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

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 of Anaheim, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Housing Authority

Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Supplementary and 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 accompanying introductory section, the combining individual fund statements and schedules, the statistical information, and other information sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory, statistical information, and other information 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, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

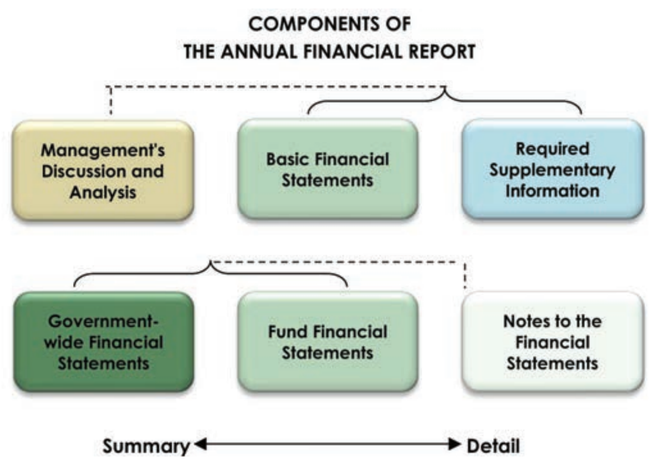
Management's Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, Police, Fire & Rescue, Community & Economic Development, Planning & Building, Public Works, Community Services, Public Utilities (street lighting), Convention, Sports and Entertainment (Visit Anaheim and the Honda Center), and interest on related long-term debt. The business-type activities of the City include the electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim) operations, and the Anaheim Regional Transportation Intermodal Center (ARTIC) operation.

The government-wide financial statements include not only the City itself, but also the Anaheim Housing Authority, Anaheim Public Financing Authority, and Anaheim Housing and Public Improvement Authority. Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

The government-wide financial statements can be found on pages 35-37 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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 governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Housing Authority Special Revenue Fund and the Anaheim Resort Improvements Debt Service Fund, which are considered to be major funds and can be found on pages 39 and 41 of this report. Data for the remaining 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 117-120, 125-126, and 128-129 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented; these schedules are included in the basic financial statements on pages 43-44 of this report. Additionally, budgetary schedules for the other nonmajor governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 121-124, 127, and 130-133 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds to account for its electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues and ARTIC operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general benefits and insurance, motorized equipment, information services, and municipal facilities maintenance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 45-49 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City maintains three different types of fiduciary funds. The Investment Trust Fund is used to account for the external portion of the City's investment pool; the Private-Purpose Trust Fund is used to account for the assets and liabilities held in trust for the Successor Agency to the Redevelopment Agency (Successor Agency); the Agency Fund is used to account for monies collected and disbursed in a custodial capacity for the Mello-Roos districts in the City.

The fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 53-106 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 117-143 of this report.

Required Supplementary Information. The required supplementary information for pension and its related ratios, the Other Postemployment Benefits (OPEB) and its related ratios can be found on page 109-114 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by $1,898,124.
- The City's governmental activities represent $735,765 (39%) and the business-type activities represent $1,162,359 (61%) of the City's total net position.
- The City's net position has a net decrease of $26,040 (1%) as a result of the current fiscal year's operations. The net position of the City's governmental activities decreased the City's net position by $16,748 (2%) and the business-type activities net position decreased by $9,292 (less than 1%)
- The City's restricted net position of $318,011 represents amounts available for ongoing programs and obligations with external restrictions.
- The City's total capital assets, net of accumulated depreciation, increased by $63,520 . Capital assets in the City's governmental activities increased by $51,465 (4%) and business-type activities capital assets increased by $12,055 (less than 1%) during the current fiscal year.
- The City's total long-term liabilities, less current portion, increased by $4,218 (less than 1%) during the current fiscal year; of this amount, long-term liabilities in the City's governmental activities decreased by $42,582 (3%), and business-type activities increased by $46,800 (3%).
- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of $386,004, a decrease of $100,372 in comparison with the prior fiscal year. Approximately 12% of this amount or $47,969 is available for spending at the City's discretion (total of committed, assigned and unassigned fund balances).
- At the end of the current fiscal year, unrestricted fund balance (total of committed, assigned and unassigned fund balance) for the General Fund was $19,956 or 5% of total General Fund expenditures. Unassigned fund balance was $10,954 or 3% of total General Fund expenditures. Excluding the long-term interfund payable of $33 million, reserves were $43,954 or 12% of General Fund expenditures.

NET POSITION
JUNE 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 666,882	$ 740,887	$ 767,599	$ 727,105	$ 1,434,481	$ 1,467,992
Capital assets, net	1,456,841	1,405,376	2,160,955	2,148,900	3,617,796	3,554,276
Total assets	2,123,723	2,146,263	2,928,554	2,876,005	5,052,277	5,022,268
Deferred outflows of resources	141,123	142,263	40,493	51,360	181,616	193,623
Total assets and deferred outflows of resources	2,264,846	2,288,526	2,969,047	2,927,365	5,233,893	5,215,891
Current liabilities	131,871	111,714	146,404	164,612	278,275	276,326
Long-term liabilities less current portion	1,358,751	1,401,333	1,501,227	1,454,427	2,859,978	2,855,760
Total liabilities	1,490,622	1,513,047	1,647,631	1,619,039	3,138,253	3,132,086
Deferred inflows of resources	38,459	22,966	159,057	136,675	197,516	159,641
Total liabilities and deferred inflows of resources	1,529,081	1,536,013	1,806,688	1,755,714	3,335,769	3,291,727
Net position:						
Net investment in capital assets	1,112,914	1,040,595	1,074,006	1,058,213	2,186,920	2,098,808
Restricted	251,942	266,447	66,069	61,808	318,011	328,255
Unrestricted	(629,091)	(554,529)	22,284	51,630	(606,807)	(502,899)
Total net position	$ 735,765	$ 752,513	$ 1,162,359	$ 1,171,651	$ 1,898,124	$ 1,924,164

*Certain reclassifications have been made to prior year's number to conform with the current year presentation

At the end of fiscal year 2020, the City's net position totaled $1,898,124 which reflects a net decrease of $26,040 or 1% from prior fiscal year.

Current and other assets, including cash, cash equivalents and investments, restricted cash equivalents and investments, receivables, prepaid items, land held for resale, and notes receivable, totaled $1,434,481 a decrease of $33,511 (2%) as compared to the prior fiscal year; of this amount governmental activities decreased by $74,005 and business-type activities increased by $40,494. The worldwide Coronavirus disease (COVID-19) pandemic and the California Stay-At-Home order had an immediate impact on Anaheim revenues resulting in lower cash received to support City operations in both governmental and business-type activities. Cash, cash equivalents and investment (including restricted) in governmental activities decreased by $75,963. Of this decrease, $59,000 is attributable to restricted resources used in the partial defeasance of the 1997 Series C Anaheim Public Financing Authority (APFA) Capital Appreciation Bonds (CABs); higher cash payments for the homeless shelter operating costs and COVID-19 related expenses; accounts receivable and due from other governments have a net increase of $2,938, the increase is primarily consisted of $14,683 (earned portion of the total $30,480 award) federal CARES fund allocation distributed by the State of California, and $245 (earned portion of the total $4,966 award) distributed by the County of Orange; and an increase of $4,764 related to street construction grant reimbursements, offset by a decrease of $17,028 in receivables from transient occupancy taxes ($11,591) and sales and use tax ($5,437) primarily due to revenue losses impacted by the Stay-At-Home order resulting in lower accrued receivable at year end; a decrease of $8,118 in prepaid and other assets which includes a decrease of $12,840 for capital asset acquisitions that were received and capitalized as capital assets during the fiscal year, offset by an increase of $5,000 from the Stadium sale deposit. Cash equivalents and investments (including restricted) increased by $25,071 in business-type activities. The increase is primarily due to unspent bond proceeds of $69,054 from the issuance of the Anaheim Housing and Public Improvement Authority (AHPIA) 2020 Series A, B and C Electric and Water Revenue Bonds; an increase in prepaid power cost of $10,620; offset by cash paid for capital asset acquisitions of $99,668 and lower cash received due to revenue losses from the Electric Utility and the Convention, Sports and Entertainment Venues.

The City's capital assets, net of accumulated depreciation, increased by $63,520 (2%). Additional information about changes to the City's capital assets can be found on pages 28-29.

Deferred outflows of resources, including deferred charges on refunding bonds, deferred items related to pension and Other Postemployment Benefits (OPEB), totaling $181,616 decreased by $12,007 (6%). This decrease is primarily due to a decrease of $34,790 in deferred items related to pension resulting from current year amortization of $59,084, offset by an increase of $10,473 in pension contributions subsequent to measurement date, and $13,821 in current year addition to deferred pension related items from plan valuation; deferred charge on refunding bonds increased by $22,263 resulting from partial defeasance of the accreted value of the 1997 Series C APFA Capital Appreciation Bonds.

Current liabilities, including accounts payable, wages payable, interest payable, current portion of long-term debt, current portion of other long-term liabilities, deposits and unearned revenues, totaled $278,275 increased by $1,949 (1%) primarily due to increases of $9,121 in current portion of the long-term debt, an increase of $4,229 in current portion of long-term liabilities primarily related to the current portions of compensated absences and claims liabilities, and an increase of $4,872 in deposit primarily from the Stadium sale deposit of $5,000; offset by a decrease of $20,535 in accounts payable due to suppliers and construction contractors.

The City's long-term liabilities, less current portion, increased by $4,218 (less than 1%). Additional information about changes to the City's long-term liabilities can be found on pages 77-100.

Deferred inflows of resources, totaling $197,516 increased by $37,875 (24%) including increases in deferred regulatory credits of $5,502 from utility customer receipts, deferred regulated business activities of $4,016 from investment earnings, deferred items on refunding bonds of $8,408 from current year Electric and Water Utility bond refunding, deferred OPEB related items of $16,427 primarily due to differences between actual and expected plan experience; and an increase of $3,522 in current year amortization and deferred pension related items from plan valuation due to differences between expected and actual results.

The largest portion of the City's net position of $2,186,920 reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt that was used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by $88,112 (4%) primarily due to additions of capital asset funded by restricted and unrestricted resources and grants, offset by a reduction of the related outstanding debt due to current year principal payments.

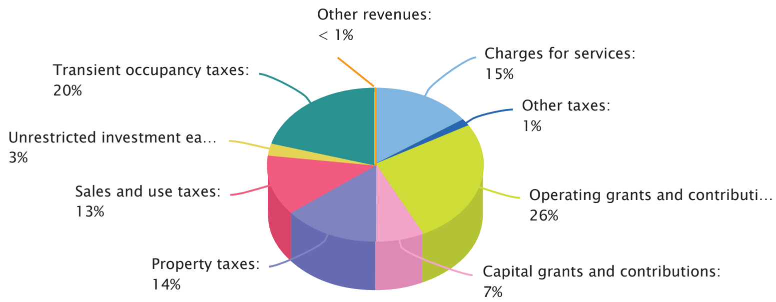
An additional portion of the City's net position of $318,011 represents resources that are subject to external restrictions on how they may be used. This amount decreased by $10,244 from prior fiscal year. Restricted net position of the governmental activities decreased $14,505 primarily due to restricted resources of $22,080 in capital spending related to housing development projects, $6,800 in Platinum Triangle Mello-Roos construction projects, $4,637 in park development; offset by a restricted State of California Homeless Shelter Grant of $8,422, receipt of reimbursement for Avon Dakota project cost of $8,702, and Mello Roos project property owner contribution of $3,124. Net position in the business-type activities increased by $4,261 primarily due to increase in resources restricted for capital projects.

The remaining balance deficit of $606,807 is the unrestricted net position, of which the unfunded OPEB, net pension liabilities and the related deferred inflows and outflows of resources account for $866,360. The unrestricted net position deficit increased by $103,908 from prior fiscal year reflecting results from current year operations. The unfunded net OPEB and pension liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution amounts and rates. The positive component of the unrestricted net position, excluding the effects of OPEB and pension liabilities, is $259,553 and may be used to meet the City's ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues:						
Charges for services	$ 91,069	$ 86,889	$ 613,899	$ 663,275	$ 704,968	$ 750,164
Operating grants and contributions	158,750	130,335	143	231	158,893	130,566
Capital grants and contributions	43,191	21,335	12,339	28,408	55,530	49,743
General revenues:						
Taxes:						
Property taxes	86,256	80,822			86,256	80,822
Sales and use taxes	76,851	84,982			76,851	84,982
Transient occupancy taxes	122,735	161,948			122,735	161,948
Other taxes	8,796	8,893			8,796	8,893
Unrestricted investment earnings	15,371	15,654	18,756	19,183	34,127	34,837
Other	100	98			100	98
Total revenues	603,119	590,956	645,137	711,097	1,248,256	1,302,053
EXPENSES						
Program activities:						
Governmental activities:						
General government	31,866	22,005			31,866	22,005
Police	202,064	175,409			202,064	175,409
Fire & Rescue	96,803	82,948			96,803	82,948
Community & Economic Development	110,812	98,818			110,812	98,818
Planning & Building	27,929	26,248			27,929	26,248
Public Works	60,693	53,742			60,693	53,742
Community Services	50,513	43,218			50,513	43,218
Public Utilities	2,381	2,476			2,381	2,476
Convention, Sports & Entertainment	17,713	27,663			17,713	27,663
Interest on long-term debt	29,734	35,149			29,734	35,149
Business-type activities:						
Electric Utility			404,272	425,072	404,272	425,072
Water Utility			88,554	76,484	88,554	76,484
Sanitation Utility			67,375	64,659	67,375	64,659
Golf Courses			5,017	4,954	5,017	4,954
Convention, Sports & Entertainment Venues			75,621	68,187	75,621	68,187
ARTIC Management			2,949	6,548	2,949	6,548
Total expenses	630,508	567,676	643,788	645,904	1,274,296	1,213,580
Excess (deficiency) before transfers	(27,389)	23,280	1,349	65,193	(26,040)	88,473
Transfers in (out)	10,641	5,368	(10,641)	(5,368)		
Increase (decrease) in net position	(16,748)	28,648	(9,292)	59,825	(26,040)	88,473
Net position at beginning of year	752,513	723,865	1,171,651	1,111,826	1,924,164	1,835,691
Net position at end of year	$ 735,765	$ 752,513	$ 1,162,359	$ 1,171,651	$ 1,898,124	$ 1,924,164

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



May not sum to 100% due to rounding

Governmental activities. Governmental activities decreased the City's net position by $16,748. Key elements of this decrease are as follows:

The most significant revenues of the governmental activities are general taxes (49%), which include transient occupancy taxes (20%), property taxes (14%), sales and use taxes (13%), and other taxes (1%). Program revenues are 49% of the total revenues of the governmental activities, which include operating grants and contributions (26%), capital grants and contributions (7%), and charges for services (15%); other revenues (less than 1%), and unrestricted investment earnings less than 3% of the total revenues.

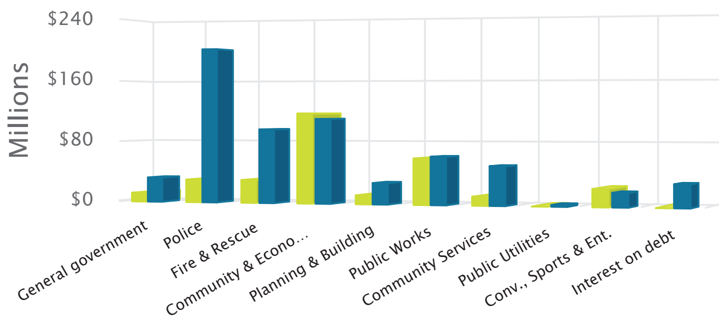
Public safety (Police and Fire & Rescue) expenses are the most significant (47%) of all governmental activities' expenses, followed by Community & Economic Development (18%), Public Works (10%), Community Services (8%), interest on long-term debt (5%), and various other programs (13%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

Governmental activities revenues increased by $12,163 (2%) as compared to the prior fiscal year due to the followings:

- Taxes decreased by $42,007 (12%). The COVID-19 pandemic and California's Stay-At-Home order had an immediate impact on the City's tax revenues resulting from the Anaheim Resort, hotels, restaurants, and business closures during the last three months of the fiscal year. Transient occupancy taxes (TOT) decreased by $39,213 (24%); sales and use tax decreased by $8,131 (10%); offset by an increase in property taxes of $5,434 (7%) primarily due to increases in property assessed valuations.
- Charges for services increased by $4,180 (5%) primarily due to an increase of $11,134 in paramedic response revenues resulting from the Fire Department implementing a new model in providing Emergency Medical Services cost recovery during the fiscal year. This new model enables the Fire Department to be eligible to participate in state and federal programs such as the Ground Emergency Transport Program, as well as receive the State Quality Assurance Fee for MediCal transports. Offsetting this increase is a decrease of $4,837 from the Anaheim Tourism special assessment, and a $1,713 decrease in police and paramedic services provided to Disneyland and other special events resulting from business closures during the pandemic.
- Operating grants increased by $28,415 (22%) primarily attributable to increases in federal funding of $8,089 from HUD for Housing Choice Voucher rental assistance, an increase of $6,117 from the State of California for a homeless shelter grant, a one-time Fire Fighter Grant of $1,467, a portion of the federal CARES fund distributed by the County of Orange of $305, and a portion of the one-time federal CARES funding of $14,683 distributed by the State of California. Offsetting the increases are decreases of $2,178 in federal funding of HOME grant, a decrease of $513 in Community Development Block Grant (CDBG) due to lower CDBG spending, and a decrease of $747 in Narcotic Asset Forfeiture revenue distribution.
- Capital grants and contributions increased by $21,856 (102%) due to an increase of $8,702 in Avon Dakota project costs reimbursement distributed from the Successor Agency Redevelopment Property Tax Fund (RPTTF); an increase of $5,204 in capital asset contribution for the Jacaranda Park development from developers, and an increase of $5,903 of capital asset contributions in the Honda Center.
- Unrestricted interest earnings decreased by $283 (2%). There were no significant changes to note.
- Governmental activities net transfer in increased by $5,273. This increase is primarily due to lesser amount of transfer out to business-type activities. Transfers out to the Convention, Sports and Entertainment Venues Fund, based on debt service requirements, decreased by $1,726; and there was no transfer out to the ARTIC Management Fund ($2,609 in the prior fiscal year). This decrease of operating subsidy transfer to the ARTIC Management Fund is a General Fund saving resulting from the new management agreement and terms. Additional information

about the ARTIC Management agreement can be found in note 14 of the notes to the financial statement on page 104 of this report.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

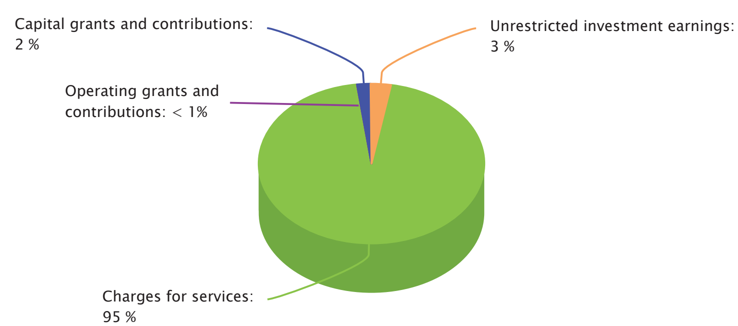


Governmental activities expenses increased by $62,832 (11%) as compared to the prior fiscal year.

Key elements of the change are as follows:

- The increase in General government expenses of $9,861 (45%) is primarily due to an increase of $6,809 operating costs in the Salvation Army and La Mesa Homeless Shelters and an increase of $2,547 in accrued pension expense.
- The increase in Public safety expenses of $40,510 (16%) is primarily due to an increase of $16,422 in accrued pension and OPEB expenses, $11,218 increase in labor costs and employee benefits, and an increase of $5,747 in Fire safety contract payments related to ambulance services and paramedic billing services.
- The increase in Community & Economic Development expenses of $11,994 (12%) is mainly due to an increase of $8,730 in Section 8 rental assistance, as rents and average assistance per participant increase; and an increase of $810 in accrued pension expense.
- The increase in Community Services expenses of $7,295 (17%) is due to a $1,716 increase in accrued pension expense, and a $665 increase in depreciation expense. As part of the $15 million City Council approved Economic Recovery Plan during the COVID-19 pandemic, $3,250 was spent to provide local assistance of which $3,000 was awarded to Anaheim Community Foundation to assist with COVID-19 emergency operation in providing Anaheim residents with food, meals, basic necessities and other materials or services to overcome barriers due to the pandemics; $250 was awarded to Orange County United Way to assist with providing Anaheim families in need of rent and groceries. Additionally, $120 was spent for food distribution with CARES funds distributed by the County of Orange.
- The decrease in Convention, Sports & Entertainment expenses of $9,950 (36%) is primarily due to a decrease of $3,597 paid to Visit Anaheim resulting from decreased Anaheim Tourism special assessment during the pandemic closure of hotels; and a one-time $6,276 realized loss on the sale of property in the prior fiscal year.
- The increase in Public Works expenses of $6,951 (13%) is primarily due to an increase in infrastructure maintenance of $1,748, an increase in accrued pension expense of $2,159; and a total of $2,673 in Anaheim Tourism Improvements District (ATID) fundings provided to Anaheim Transportation Network (ATN) in support of ATN's acquisition of buses ($500) for the Anaheim Resort Transportation (ART), and to support the cost to operate the the ART bus service ($2,173). These ATID funds allow ATN to use its own operating and capital resources to provide funding towards the development of an energy storage system and charging system to charge a new fleet.
- The decrease in interest on long-term debt of $5,415 (15%) is primarily due to interest payment savings resulting from the refunding of the 2007 APFA in the prior fiscal year, the decrease of $1,967 is due to amortization of bond premium and a one-time debt issuance cost of $1,748 in the prior fiscal year.

REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



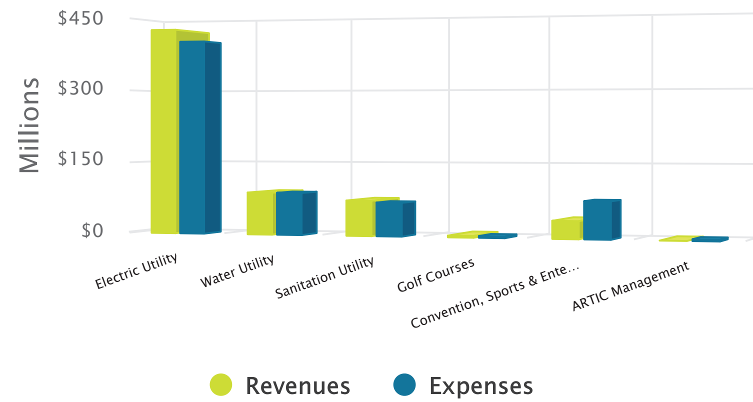
Business-type activities. Business-type activities decreased the City's net position by $9,292. Key elements of this change are as follows:

Charges for services of $613,899 decreased by $49,376 (7%) due to the followings:

- The decrease of $41,270 (9%) in Electric Utilities charges for services is primarily attributable to the following: a) wholesale revenues totaled $14,498 and decreased by $23,640 (62%). The prior fiscal year experienced higher than usual gas prices due to major pipeline maintenance - higher gas prices typically contribute to higher energy prices. This drop in gas prices coupled with less power available to sell due to the closure of the Kraemer Combustion Turbine drove this decrease in total wholesale revenues; b) Retail sales of electricity totaled $351,448 and decreased by $11,425 (3%). This decrease is mainly attributed to moderate weather during the year coupled with shelter at home restrictions from the pandemic, with hotels, theme parks, and other entertainment venues shuttered, retail demand slowed by approximately 3% in fiscal year 2020; and partially offset by c) an increase of $2,250 in Rate Stabilization Account (RSA). Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 59-60 of this report.
- The increase of $5,294 (7%) in Water Utilities charges for services is primarily due to a rate increase charged to its customers.
- The increase of $2,776 (4%) in Sanitation Utility charges for services is attributable to rate increases charged to users. Solid waste and collection fees increased by $1,242 resulting from a 2.3% rate increase, wastewater fees increased by $633 resulting from a 3.0% rate increase, and a $1,027 increase in developer fees.
- The decrease of $15,163 (30%) in the Convention, Sports and Entertainment Venues Fund is primarily due to revenue losses of $7,303 during the COVID-19 closure, and a decrease of $7,860 of one-time realized gain on the sale of the Convention Center Car Park 7 in the prior fiscal year.
- The decrease of $989 (96%) in ARTIC Management is mainly due to change of management contract effective the current fiscal year. Additional information about the ARTIC Management can be found in note 14 of the notes to the financial statement on page 104 of this report.

Business-type activities net transfer out increased by $5,273. There were no significant changes to note.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Total expenses of $643,788 decreased $2,116 (less than 1%). Key elements of the changes are due to the following:

- The decrease in Electric Utility expenses of $20,800 (5%) is due to the following: a) a decrease in power costs of 29,914 (10%). Lower gas prices and lower local demand for electricity led to lower electric prices in general; b) fuel and generation decreased by $7,808 (91%) due to the permanent closure of the Kraemer Combustion Turbine plant in fiscal year 2020 and decreases in other expenses related to generation of power; and c) operation, maintenance and administration increased by $12,592 (22%) primarily due to an increase of $7,418 in accrued pension expense; depreciation expense increased $3,945 (10%) mainly due to accelerated depreciation of $2,733 for the Kraemer Combustion Turbine generator taken out of service.
- The increase in Water Utility expenses of $12,070 (16%) is due to the following: a) an increase of $6,253 (15%) in purchased water and treatment and pumping costs. The Water Utility changed its water supply mixture from primarily cheaper water pumped from local groundwater through the Orange County Water District to primarily more expensive imported water through the Metropolitan Water District due to elevated Per-and-Polyfluoroalkyl Substances (PFAS) in the local groundwater; b) operations, maintenance and administration costs increased by $4,356 (26%) mainly because the amount of overhead capitalized during the year decreased as a result of a decrease in capital spending; and c) interest expense

increased by $600 (9%) primarily because of the issuance of the $38,000 AHPIA Water Revenue Bonds, Series 2020-A.

- The increase in Sanitation Utility expenses of $2,716 (4%) is primarily due to rate and volume increases of waste disposal services and gate fees and the timing of infrastructure maintenance.
- Golf Courses expenses increased by $63 (1%). There were no significant increase to note.
- The increase in Convention, Sports & Entertainment Venues expenses of $7,434 (11%) is mainly due to a one-time $6,500 payment to Visit Anaheim, part of the $15 million Council approved Anaheim Economic Recovery Plan, to relaunch the tourism marketing so that Anaheim will be among the first destinations to emerge from the economic slowdown in the interest of all of Anaheim.
- The decrease in ARTIC Management expenses of $3,599 (55%) is primarily due to change of management and terms.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of $386,004, a decrease of $100,372 in comparison with the prior fiscal year; $59,000 of this decrease is attributable to a partial defeasance of the 1997-C CABs. Of the total fund balance of $386,004, restricted fund balance totaled $337,436 (87%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance had a deficit of $4,126 (1%) which is due to pending grant funded project reimbursements of $21,132, primarily for street construction, and other revenue collection of $4,733 that were unavailable for revenue recognition. The deficits in unassigned fund balance will be eliminated in future years with the grant receipts. The remaining fund balance is $52,694 (14%), of which $599 is not in spendable form, $6,289 was committed to neighborhoods ($4,039) and COVID-19 Anaheim Economic Recovery projects ($2,250), and $45,806 that was assigned for particular purposes.

Governmental revenues totaled $574,870 while expenditures were $685,883.

The General Fund is the general operating fund of the City. At June 30, 2020, the General Fund reported a total ending fund balance of $32,811 and consisted of the following:

- $308 was nonspendable for inventory, prepaid and other assets;
- $12,547 was restricted for grants projects, claims and judgments;
- $2,250 was committed for providing rental assistance to Anaheim residents, part of the Anaheim Economic Recovery Plan;
- $6,752 was assigned for encumbrances and other purposes; and
- $10,954 was unassigned

General Fund total revenues decreased $33,790 as compared to the prior fiscal year primarily attributable to the following:

- Total taxes decreased by $42,208 (13%) key elements of the changes as previously discussed in the government-wide financial analysis of the governmental activities. Taxes are the largest revenue sources of the General Fund and they accounted for $293,529 of the total General Fund revenues. During fiscal year 2020, transient occupancy taxes (TOT) decreased by $39,597 (24%), property taxes increased by $5,434 (7%), sales and use taxes decreased by $7,894 (9%); and other taxes decreased by $151 (2%).
- Intergovernmental revenues increased by $16,556 (197%) primarily due to a portion of the available federal CARES funding allocation of $10,160, and an increase of $6,117 from the State of California Homeless Shelter grants.
- Charges for services increased by $4,657 (17%) key elements of the changes as previously discussed.
- Use of money and property decreased by $12,188 (73%) mainly due to one-time land sale proceeds of $11,991 in the prior fiscal year.

General Fund expenditures increased by $29,475 (9%). An increase of $15,486 (53%) was due to increases in labor and employee benefit costs as required from various labor contracts, an increase of $6,809 was due to an increase in the emergency homeless shelters operating costs, an increase of $3,555 was to provide various local assistance during the COVID-19 pandemic as previously discussed; and offset by a decrease of $4,543 in capital outlay for property acquisition and building renovations for the La Mesa Street Shelter in the prior fiscal year. Other key elements of the changes are discussed in the government-wide financial analysis of the governmental-activities.

General Fund transfers out decreased by $25,223 (29%) primarily due to a decrease of $21,517 in transfers out to the Anaheim Resort Improvements

Major Debt Service Fund. This decrease is due to decreased Lease Payment Measurement Revenues (LPMR) resulting from the Anaheim Resort and business closures during the pandemic. Additional information about LPMR can be found in note 9 on page 78 of the notes to the financial statements of this report; other decreases as previously discussed in the governmental activities financial analysis.

The Housing Authority Fund revenues increased by $21,942 (25%) primarily due to an increase of $8,089 of Housing Choice Voucher rental assistance, a one-time project reimbursement of $8,702 from the State of California approved RPTTF funding for Avon Dakota project costs, an increase of $3,597 from borrower loan payoff, and an increase of $757 from the housing projects lease revenues.

The Housing Authority expenditures increased by $32,954 (38%). Capital outlay increased $21,011 due to housing development properties purchased at the southeast corner of Beach Boulevard/Lincoln Avenue and 331 West Carl Karcher Way; Housing Choice Vouchers increased $8,977; and the housing development loan disbursements increased $2,037 primarily for the Manchester/Orangewood and Econolodge projects.

The Anaheim Resort Improvements Fund expenditures increased by $32,080 (54%) of which interest payment increased $47,259 offset by a decrease of principal payment of $13,538 and a one-time bond issuance cost of $1,748 in the prior fiscal year. The increase in interest is due to partial defeasance of the bonds accreted value.

The Anaheim Resort Improvements Fund total other financing sources decreased by $23,296 (34%). Transfer in decreased by $21,517 as previously discussed in the General Fund Transfer Out; other financing sources decreased by $1,779 due to bond premium from prior year refunding of the 2007 APFA.

Total nonmajor governmental funds revenues decreased by $6,359 (7%). The most significant factors of the changes are discussed in the government-wide financial analysis of the governmental-activities.

Intergovernmental revenues decreased by $6,499 (13%) primarily due to an increase of $4,756 of street construction project cost reimbursements being unavailable for revenue recognition; decreases of $1,020 in CDBG of which $507 due to reimbursement being unavailable for revenue recognition and $513 due to lower CDBG spending; and $747 in Narcotic Asset Forfeiture as previously discussed.

Charges for services decreased by $5,038 (20%) mainly due to decreased Anaheim Tourism Improvement assessment as previously discussed.

Contribution from property owners included a one-time contribution of $3,124 from developers for the Mello Roos projects.

Total nonmajor governmental funds expenditures increased by $4,508 (5%). Capital outlay increased $11,458 primarily due to the Gene Autry Way capital spending of $11,500, partially offset by a decrease of $5,565 for the decline in land held for resale in the prior fiscal year; and a decrease of $3,597 payment to Visit Anaheim as previously discussed.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The significant factors of the changes in fund net position of each proprietary fund are discussed in the government-wide financial analysis of business-type activities.

- The Electric Utility net position increased by $8,689 (2%) in the current fiscal year.
- The Water Utility fund net position increased by $1,238 (less than 1%) in the current fiscal year.
- The Sanitation fund net position increased by $4,347 (4%) in the current fiscal year.
- The Golf Courses fund net position decreased by $761 (15%) in the current fiscal year.
- The Convention, Sports and Entertainment Venues fund net position decreased by $21,918 (8%) in the current fiscal year.
- The ARTIC Management fund net position increased by $1,118 (1%).

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by $19,731 (5%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to $14,475 and the reallocation of appropriations from other funds of $5,256. These amendments were funded from savings in other programs of the General Fund during the year and from reserves.

General Fund revenues of $379,206 were lower than budgeted revenues of $416,772 by $37,566 (9%). The unfavorable variance compared to budget is primarily due to revenue losses in sales and use taxes and transient occupancy taxes resulting from the Anaheim Resort and business closures during the pandemic.

General Fund expenditures were less than budgeted. Of the total appropriations of $384,175, approximately 2%, or $7,895, went unspent. There were no other significant variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Land	$ 674,159	$ 653,769	$ 92,700	$ 92,700	$ 766,859	$ 746,469
Construction in Progress	68,958	48,848	263,165	278,200	332,123	327,048
Building, structures, and improvements	220,323	220,141	693,162	706,271	913,485	926,412
Utility plant			1,087,426	1,044,461	1,087,426	1,044,461
Machinery and equipment	48,383	45,703	24,502	27,268	72,885	72,971
Infrastructure	445,018	436,915			445,018	436,915
Total	$ 1,456,841	$ 1,405,376	$ 2,160,955	$ 2,148,900	$ 3,617,796	$ 3,554,276

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2020 amounted to $3,617,796 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was $63,520 (2%), of which governmental activities increased by $51,465 (4%) and business-type activities increased by $12,055 (less than 1%).

Governmental activities capital asset additions totaled $95,131, offset by current year depreciation of $42,414. Major capital asset activities during the current fiscal year include the followings:

- Additions of $54,532 in construction work in progress which consist of various street improvements and street widening totaled $39,100 including Gene Autry Way right of way acquisition and street improvement ($13,478), Anaheim/Ball Intersection ($4,039), Modjeska Park underground stormwater ($2,860), Acacia Neighborhood Improvements ($2,761), Riverdale/Lakeview Avenue to Tustin Street Improvement ($1,001), and Richfield Storm Drain improvement ($1,486). Park and Community Services developments totaled $6,023 including Barton Park development ($1,680), the Anaheim Tennis Center ($1,427) and Julianna Park development ($631). Building and structure improvements totaled $10,135 including the Honda Center arena seating ($2,839) and remodeling ($7,292).
- Completions of $34,409 of construction in progress which includes major project completions in King Court Neighborhood street improvement ($3,117), Blue Gum Street/Miraloma Avenue Street improvement ($3,741), Cerritos Avenue sidewalk ($1,183) Sabina Neighborhood improvement street ($4,573), La Palma/State College Street widening ($4,824), Richfield Storm Drain improvement ($1,708), Manzanita Skate Park construction ($1,740), and Honda Center lower level arena seating ($1,705).
- Acquisitions of various vehicles totaled $5,604; office and field equipment totaled $5,378.
- Public right-of-way and land and building additions of $29,543, which include $1,431 for street widening purposes, $22,070 for housing development purposes,$5,099 of park development and $943 for other general improvements.

The increase in business-type activities is primarily due to increases in the followings:

- The Electric Utility increase of $17,610 (2%) is comprised of capital asset additions of $63,280, and offset by $45,670 for the current year addition to accumulated depreciation. Construction in progress increased by $2,075 mainly due to $58,043 in additions of capital projects offset by work completed of $55,968. Construction work in progress of the Electric Utility mainly includes replacement of aging overhead electrical lines with state-of-the-art underground projects such as continued improvements related to Underground District #50 on Euclid Street, Underground District #64 on Orangewood Avenue along with the ongoing replacement of aging circuit breakers, poles, transformers and switches throughout the City. Increase in Utility Plant is primarily due to completion of the Harbor Substation as well as the installation and replacement of aging direct buried cable. The Electric Utility also replaced approximately 5,510 street lights with more efficient LED lights, installation of fiber optic equipment, upgrading communication equipment, and improvements to other general facilities.

- The Water Utility increase of $12,694 (3%) is comprised of capital asset additions of $25,168 and offset by current year accumulated depreciation addition of $12,474. Construction in progress decreased by $14,743 primarily due to work in progress additions of $23,369 offset by works completed of $38,106 during the fiscal year. Project completions include $10,621 for the Katella 12" Water Main Replacement between West Street and Harbor Boulevard. These improvements will increase the service reliability and reduce maintenance expenses of the water system; $10,275 for the La Palma Complex Reservoir to serve the residences and businesses of Central and West Anaheim providing water supply and peak pumping capacity to fight fires and meet maximum day water demands; and $2,145 for the upgrade of pressure regulating stations (PRS) throughout the City (PRS 1 through 6-220 zone). The purpose of the PRS is to provide for the transfer of water from high-elevation service area to lower one in order to maintain adequate system pressures and flows.

- The Sanitation Utility decrease of $145 (0%) is comprised of capital asset additions of $2,967, and partially offset by the current year additions to accumulated depreciation of $3,082. Construction work in progress decreased by $2,790 primarily due to completion of the Cerritos Avenue Sanitary Improvements of $4,734.

- The Golf Courses decrease of $107 (1%) is due to current year additions of $447 in equipment acquisitions offset by current year accumulated depreciation of $554.

- The Convention, Sports and Entertainment Venues decrease of $15,852 (3%) is primarily comprised of capital asset additions of $3,481 offset by the current year additions to accumulated depreciation of $19,311 and retirement of capital assets.

- The ARTIC Management decrease of $2,145 (1%) is mainly due to current year addition to accumulated depreciation $2,328 offset by equipment addition of $183.

Additional information on the City' Capital Assets can be found in notes 1 and 6 of the notes to the financial statements, on page 57 and page 74-75 of this report.

LONG-TERM LIABILITIES
JUNE 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Long-term debts from direct borrowings and direct placements:						
Interest payable			$ 3,516	$ 3,292	$ 3,516	$ 3,292
Notes and loans payable	$ 19,681	$ 23,796	9,866	13,418	29,547	37,214
Revenue bonds	562,005	600,444	1,220,797	1,172,354	1,782,802	1,772,798
Total	581,686	624,240	1,234,179	1,189,064	1,815,865	1,813,304
Other long-term liabilities:						
Capital lease obligations	2,297	1,988	198		2,495	1,988
Due to other governments	22,580	22,580			22,580	22,580
Self-insurance	58,548	53,247			58,548	53,247
Compensated absences	24,248	21,822			24,248	21,822
San Juan reclamation obligation			6,391	6,377	6,391	6,377
Provision for decommissioning liability			87,235	86,409	87,235	86,409
Net OPEB liability	120,245	138,177	41,262	46,674	161,507	184,851
Net pension liability	617,116	595,400	173,187	165,626	790,303	761,026
Total	845,034	833,214	308,273	305,086	1,153,307	1,138,300
Total long-term liabilities	$ 1,426,720	$ 1,457,454	$ 1,542,452	$ 1,494,150	$ 2,969,172	$ 2,951,604

Long-term liabilities. At June 30, 2020, The City's outstanding long-term liabilities totaled $2,969,172 increased by $17,568 (less than 1%) in which long-term debts from direct borrowings and direct placements increased by $2,561, and other long-term liabilities increased by $15,007.

Long-term debts from direct borrowings and direct placements including revenue bonds, notes and loans payable, and interest payable due in more than one year totaled $1,815,865 at June 30, 2020. Key changes include the followings:

- Long-term debts in Governmental activities totaled $581,686, decreased by $42,554 (7%). The decrease is primarily due to principal payments of $19,797, payment made on the accretion of capital appreciation bonds of $39,486, offset by additions of accrued accretion payable of $19,842 and the annual amortization of discounts/premium of $3,113. On January 13, 2020, the APFA transferred $59,000 to the Escrow bank to partially defease $84,270 ($7,910 in principal and $76,360 in accretion of which $23,692 was previously accrued in accretion payable) of the accreted value of the 1997-C Capital Appreciation Bonds maturing on March 1,2037, September 1, 2036 and September 1, 2035.
- Long-term debt in the business-type activities totaled $1,234,179, increased by $45,115 (4%). The increase is primarily due to the issuance of Electric and Water Utility revenue bonds offset by current year principal payments of $39,772. On March 4, 2020, the Electric Utility issued AHPIA 2020 Series A, B,and C for a principal amount of $223,350 and at a premium of $18,940 to provide new money project fund of $70,000 and to refund the outstanding principal balance of the APFA 2016-A and CMFA 2015-A totaled $173,880 The Water Utility issued AHPIA 2020 Series A and B for a principal amount of $70,445 and at a premium of $7,322 to provide new money project fund of $45,000 and to partially refund the outstanding 2016-A Water Revenue Bonds of $30,495.

Other long-term liabilities include self-insurance, compensated absences, provision for decommissioning liability, net OPEB liability, and net pension liability totaling $1,153,307 increased by $15,007 at June 30, 2020. Key changes include the following:

- Other long-term liabilities in the governmental activities totaled $845,034 increased by $11,820 (1%). Capital lease payable increased $309, self-insurance liability, based on actuarial valuation, increased by $5,301, compensated absences increased by $2,426. Net pension obligations increased by $21,716 primarily due to increases from services costs and interest on the total pension liability. Offset by the increases is a decrease of $17,932 in net OPEB obligation resulting primarily from a difference between expected and actual experiences primarily due to the repeal of excise tax liability as that provision of the Affordable Care Act was repealed in December 2019. The amount was moved to deferred inflow of resources related to OPEB and systematically amortize in future years.

- Other long-term liabilities in the business-type activities totaled $308,273 increased by $3,187. Provision for decommissioning liability increased by $826 due to an addition of $6,030 for asset retirement obligation for the Kraemer Combustion Turbine offset by a payment of $5,204 for the SONG decommissioning costs; net OPEB liabilities decreased by $5,412 as previously discussed above; offset by increases of $198 in capital lease payable, an increase in San Juan reclamation obligation of $14 and an increase in net pension obligations of $7,561.

Additional information on the City's long-term liabilities can be found in notes 7,8, 9, 10, 11, 12 and 13 of the notes to the financial statements, on pages 75-100 of this report.

ECONOMIC FACTORS

Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim (City). While Anaheim has been able to compete for and capture a significant portion of tourism revenues, the COVID-19 pandemic and the California Stay-At-Home order beginning in mid-March 2020 had resulted in significant revenue losses from TOT, sales and use taxes, entertainment and event revenues, as the Anaheim Resort, hotels, sports and entertainment venues were closed to comply with public health orders.

There is much uncertainty as to what the economic recovery will be. The City adopted a temporary fiscal year 2020/2021 budget including a 20% placeholder reduction of expenditures to all City departments. The City continues monitoring of the expenditures to determine which expenditures can be reduced while minimizing impacts to services as much as possible.

For the 2021 fiscal year, the City appropriated $321,323 (including 20% placeholder reduction) in estimated available resources of $370,219 (included the fiscal year 2020 revenue budget, the General Fund spendable fund balance and the long-term internal borrowing from the Internal Service Fund of $33 million to be repaid over ten years.) for General Fund spending. This leaves $48,896 in estimated available reserves, which is 15% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.

The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and developers doing business in the City are adjusted each year to reflect recurring costs.

California Senate Bill 100 (SB 100) signed into law in September 2018 and adjusted the Renewable Portfolio Standard (RPS) that all California utilities are required to reach. The new RPS mandate is that California utilities, at a minimum, must use renewal resources to serve 33% of their retail load by 2020, 50% by 2026, and 60% by 2030. SB 100 also set a state policy goal to have 100% of retail sales be served by carbon-free resources by 2045. The Electric Utility uses a number of strategies to mitigate potential cost impacts while striving to meet and/or exceed state energy targets.

The Orange County Water District (OCWD) set the Basin Production Percentage (BPP) for all cities and water districts they serve at 77% for fiscal year 2020. The Water Utility's Water Rates, Rules, and Regulations provide for an automatic adjustment of its commodity adjustment when OCWD and Municipal Water District (MWD) increase or decrease the cost per acre foot of water. Elevated water costs will continue until the Water Utility, in partnership with OCWD, builds local groundwater treatment to eliminate or mitigate the PFAS levels found in the local groundwater.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805. The City's Comprehensive Annual Financial Report can also be found on the City's website at www.anaheim.net.

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BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 59,906	$ 44,816	$ 104,722
Investments	244,039	184,689	428,728
Restricted cash and cash equivalents	65,203	29,088	94,291
Restricted Investments	28,854	63,733	92,587
Accounts receivable, net	12,856	62,148	75,004
Accrued interest receivable	1,628	2,662	4,290
Internal balances, net	16,814	(16,814)	
Due from other governments	51,810		51,810
Inventories	1,569	23,872	25,441
Land held for resale, net	22,035		22,035
Prepaid and other assets	6,284	38,470	44,754
Total current assets	510,998	432,664	943,662
Noncurrent assets:			
Restricted cash and cash equivalents	34,881	72,332	107,213
Restricted investments	33,675	181,907	215,582
Prepaid and other assets		80,696	80,696
Unamortized prepaid bond insurance	461		461
Notes receivable, net	79,416		79,416
Due from Successor Agency	7,451		7,451
Capital assets, net:			
Nondepreciable	743,117	355,865	1,098,982
Depreciable	713,724	1,805,090	2,518,814
Total noncurrent assets	1,612,725	2,495,890	4,108,615
Total assets	2,123,723	2,928,554	5,052,277
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding bonds	30,981	12,532	43,513
Deferred OPEB related items	15,392	5,660	21,052
Deferred pension related items	94,750	22,301	117,051
Total deferred outflows of resources	141,123	40,493	181,616

(Continued)

Statement of Net Position
June 30, 2020 (In thousands)

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 30,892	$ 75,815	$ 106,707
Wages payable	10,001	1,773	11,774
Interest payable	4,008	12,622	16,630
Deposits	12,595	13,332	25,927
Unearned revenues	6,406	1,637	8,043
Other long-term liabilities due within one year	32,610	61	32,671
Long-term debts due within one year	35,359	41,164	76,523
Total current liabilities	131,871	146,404	278,275
Noncurrent liabilities:			
Interest payable due in more than one year		3,516	3,516
Other long-term liabilities due in more than one year	75,063	93,763	168,826
Long-term debts due in more than one year	546,327	1,189,499	1,735,826
Net OPEB liability	120,245	41,262	161,507
Net pension liability	617,116	173,187	790,303
Total noncurrent liabilities	1,358,751	1,501,227	2,859,978
Total liabilities	1,490,622	1,647,631	3,138,253
DEFERRED INFLOWS OF RESOURCES			
Deferred Regulatory credits		109,002	109,002
Deferred Regulated business activities		26,862	26,862
Deferred item on refunding bonds		8,999	8,999
Deferred OPEB related items	20,976	8,192	29,168
Deferred pension related items	17,483	6,002	23,485
Total deferred inflows of resources	38,459	159,057	197,516
NET POSITION			
Net investment in capital assets	1,112,914	1,074,006	2,186,920
Restricted for:			
Debt service	63	25,014	25,077
Capital projects	84,739	33,343	118,082
Community and economic development	94,883		94,883
Streets, roads and transportation improvement projects	46,651		46,651
Other purposes	25,606	7,712	33,318
Unrestricted	(629,091)	22,284	(606,807)
Total net position	$ 735,765	$ 1,162,359	$ 1,898,124

The accompanying notes are an integral part of these financial statements.

Statement of Activities
Year Ended June 30, 2020 (In thousands)

			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	$ 48,214	$ (16,348)	$ 1,796	$ 10,722	$	$ (19,348)		$ (19,348)
Police	197,957	4,107	13,595	16,469	29	(171,971)		(171,971)
Fire & Rescue	96,320	483	21,024	8,495	51	(67,233)		(67,233)
Community & Economic Development	109,963	849	9,906	97,658	8,702	5,454		5,454
Planning & Building	26,926	1,003	11,059	1,396		(15,474)		(15,474)
Public Works	60,640	53	20,123	22,577	15,703	(2,290)		(2,290)
Community Services	49,632	881	2,491	1,433	7,808	(38,781)		(38,781)
Public Utilities	2,381					(2,381)		(2,381)
Convention, Sports & Entertainment	17,378	335	11,075		10,898	4,260		4,260
Interest on long-term debt	29,734					(29,734)		(29,734)
Total governmental activities	639,145	(8,637)	91,069	158,750	43,191	(337,498)		(337,498)
Business-type activities:								
Electric Utility	399,190	5,082	417,912		8,844		$ 22,484	22,484
Water Utility	87,284	1,270	84,943		1,763		(1,848)	(1,848)
Sanitation Utility	66,831	544	70,812	143			3,580	3,580
Golf Courses	4,899	118	4,282				(735)	(735)
Convention, Sports and Entertainment Venues	73,998	1,623	35,909		1,558		(38,154)	(38,154)
ARTIC Management	2,949		41		174		(2,734)	(2,734)
Total business-type activities	635,151	8,637	613,899	143	12,339		(17,407)	(17,407)
Total government	$ 1,274,296	$	$ 704,968	$ 158,893	$ 55,530	(337,498)	(17,407)	(354,905)
General revenues:								
Taxes:								
Property taxes						86,256		86,256
Sales and use taxes						76,851		76,851
Transient occupancy taxes						122,735		122,735
Other taxes						8,796		8,796
Unrestricted investment earnings						15,371	18,756	34,127
Other						100		100
Transfers						10,641	(10,641)	
Total general revenues and transfers						320,750	8,115	328,865
Change in net position						(16,748)	(9,292)	(26,040)
Net position at beginning of year						752,513	1,171,651	1,924,164
Net position at end of year						$ 735,765	$ 1,162,359	$ 1,898,124

The accompanying notes are an integral part of these financial statements.

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Balance Sheet
Governmental Funds
June 30, 2020 (In thousands)

	General	Housing Authority	Anaheim Resort Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 9,521	$ 13,204		$ 22,591	$ 45,316
Investments	36,956	54,053		92,777	183,786
Accounts receivable, net	9,377	53		118	9,548
Accrued interest receivable	157	345	$ 7	659	1,168
Due from other funds	5,836	9,024		14,776	29,636
Due from other governments	28,089	27		23,694	51,810
Inventories	176				176
Land held for resale, net		6,032		16,003	22,035
Prepaid and other assets	5,132	39		252	5,423
Restricted cash and cash equivalents	1,981	579	80,346	16,984	99,890
Restricted investments	8,183		33,675	20,671	62,529
Notes receivable, net	7,470	50,303		21,643	79,416
Due from Successor Agency				7,451	7,451
Total assets	$ 112,878	$ 133,659	$ 114,028	$ 237,619	$ 598,184
LIABILITIES					
Accounts payable	$ 11,902	$ 764		$ 10,730	$ 23,396
Wages payable	4,848	127		287	5,262
Deposits	10,736	342		1,517	12,595
Due to other funds	41,147		$ 3,725	16,674	61,546
Unearned revenue	1,942	2,177			4,119
Total liabilities	70,575	3,410	3,725	29,208	106,918
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	9,492	43		16,330	25,865
Unavailable resources- long-term notes receivable		50,303		21,643	71,946
Unavailable resources - due from Successor Agency				7,451	7,451
Total deferred inflows of resources	9,492	50,346		45,424	105,262
FUND BALANCES:					
Nonspendable :					
Inventory	176				176
Prepaid and other assets	132	39		252	423
Restricted:					
Anaheim Resort maintenance and improvement				5,769	5,769
Capital projects				4,303	4,303
Claims and judgments	4,125				4,125
Community and economic development projects				19,184	19,184
Debt service			110,303	935	111,238
Development impact projects				83,005	83,005
Grant purposes	8,422			2,496	10,918
Homebuyer assistance programs		1,748		9,500	11,248
Low and moderate income housing		43,763			43,763
Rental assistance		2,774			2,774
Streets, roads and transportation improvement projects				41,109	41,109
Committed for neighorhood and community projects	2,250			4,039	6,289
Assigned:					
Capital projects				5,787	5,787
Debt service				1,662	1,662
Housing projects		31,579			31,579
Other purposes	6,752			26	6,778
Unassigned	10,954			(15,080)	(4,126)
Total fund balances	32,811	79,903	110,303	162,987	386,004
Total liabilities, deferred inflows of resources, and fund balances	$ 112,878	$ 133,659	$ 114,028	$ 237,619	$ 598,184

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020 (In thousands)

Total fund balances - governmental funds		$ 386,004
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 674,159	
Construction in progress	66,040	
Buildings, structures and improvements	398,943	
Machinery and equipment	72,090	
Infrastructure	925,184	
Accumulated depreciation	(712,860)	
Total capital assets, net		1,423,556
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		105,262
Unamortized prepaid bond insurance ($461) and deferred charge on refunding bonds ($30,981) are not current financial resources, and, therefore, are not reported in the funds.		31,442
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		24,806
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(677)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(22,580)
Effects of net pension obligation and other post employment benefits (OPEB) obigations are not due and payable in the cuurent period, and therefore, are not reported in the funds.		
Deferred outflows of resources	104,239	
Net OPEB obligation	(111,128)	
Net pension obligation	(585,331)	
Deferred inflows of resources	(35,291)	(627,511)
Long-term liabilities of governmental funds, including bonds ($562,005), notes and loans payable ($18,544), and accrued interest payable ($3,988) are not due and payable in the current period and, therefore, are not reported in the funds.		(584,537)
Net position of governmental activities		$ 735,765

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020 (In thousands)

	General	Housing Authority	Anaheim Resort Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 86,256				$ 86,256
Sales and use taxes	76,898				76,898
Transient occupancy taxes	122,351				122,351
Other taxes	8,024				8,024
Licenses, fees and permits	21,234	$ 65		$ 5,328	26,627
Intergovernmental revenues	24,946	96,971		45,168	167,085
Charges for services	31,279			19,648	50,927
Fines, forfeits and penalties	2,658				2,658
Use of money and property	4,438	11,762	$ 730	12,393	29,323
Other	1,122	329		146	1,597
Contribution from property owners				3,124	3,124
Total revenues	379,206	109,127	730	85,807	574,870
Expenditures:					
Current:					
City Council	871				871
City Administration	15,979				15,979
City Attorney	7,603			115	7,718
City Clerk	985			1	986
Human Resources	2,048				2,048
Finance	5,978		135		6,113
Police	163,939			6,369	170,308
Fire & Rescue	85,164			513	85,677
Community & Economic Development	2,571	97,778		11,696	112,045
Planning & Building	23,134			1,364	24,498
Public Works	22,941			14,081	37,022
Community Services	39,554			1,136	40,690
Public Utilities	2,397				2,397
Convention, Sports & Entertainment	816			10,958	11,774
Capital outlay	2,132	22,080		46,905	71,117
Debt service:					
Principal retirement			15,127	3,448	18,575
Interest charges			76,164	1,901	78,065
Total expenditures	376,112	119,858	91,426	98,487	685,883
Excess (deficiency) of revenues over (under) expenditures	3,094	(10,731)	(90,696)	(12,680)	(111,013)
Other financing sources (uses):					
Transfers in	28,755	523	44,713	4,443	78,434
Transfers out	(63,097)			(4,696)	(67,793)
Total other financing sources (uses)	(34,342)	523	44,713	(253)	10,641
Net change in fund balances	(31,248)	(10,208)	(45,983)	(12,933)	(100,372)
Fund balances at beginning of year	64,059	90,111	156,286	175,920	486,376
Fund balances at end of year	$ 32,811	$ 79,903	$ 110,303	$ 162,987	$ 386,004

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020 (In thousands)

Net change in fund balances - total governmental funds	$	(100,372)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($71,117) exceeded depreciation ($37,198) in the current period.		33,919
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to increase net position.		15,415
Certain revenues in the Statement of Activities do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.		13,780
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.		(6,466)
Partial defeasance of capital appreciation bond principal and acretion uses current financial resources in the governmental funds but decreases long-term liabilities ($23,692) and increase in deferred expenses ($27,398) in the Statement of Net Position.		51,090
Loan disbursements in the governmental funds use current financial resourcces but increase receivables in the Statement of Activities		5,110
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		(2,557)
Payments of principal on long-term debt use current financial resources in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.		18,575
Net effect of accrued net pension and OPEB liabilities and the related deferred outflows and deferred inflows of resources are not reported as expenditures in the funds.		(43,665)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.		(1,577)
Change in net position of governmental activities	$	(16,748)

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - General Fund
Year Ended June 30, 2020 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	$ 87,558	$ 83,944	$ 86,256	$ 2,312
Sales and use taxes	88,693	88,693	76,898	(11,795)
Transient occupancy taxes	173,372	173,372	122,351	(51,021)
Other taxes	8,302	8,302	8,024	(278)
Licenses, fees and permits	20,789	20,789	21,234	445
Intergovernmental revenues	3,442	3,442	24,946	21,504
Charges for services	31,635	31,635	31,279	(356)
Fines, forfeits and penalties	2,900	2,900	2,658	(242)
Use of money and property	2,705	2,705	4,438	1,733
Other	(2,624)	990	1,122	132
Total revenues	416,772	416,772	379,206	(37,566)
Expenditures:				
City Council	999	1,034	871	(163)
City Administration	10,786	15,979	15,979	
City Attorney	7,638	7,638	7,620	(18)
City Clerk	1,265	1,271	985	(286)
Human Resources	2,187	2,187	2,048	(139)
Finance	6,138	6,182	5,982	(200)
Police	165,343	168,365	164,011	(4,354)
Fire & Rescue	82,213	85,917	85,344	(573)
Community and Economic Development	2,761	3,761	2,699	(1,062)
Planning & Building	23,785	23,943	23,134	(809)
Public Works	20,956	24,236	24,236	
Community Services	36,869	40,158	40,158	
Public Utilities	2,606	2,606	2,397	(209)
Convention, Sports and Entertainment	898	898	816	(82)
Total expenditures	364,444	384,175	376,280	(7,895)
Excess of revenues over expenditures	52,328	32,597	2,926	(29,671)
Other financing sources (uses):				
Transfers in	28,714	28,714	29,206	492
Transfers out	(89,624)	(89,624)	(63,097)	26,527
Total other financing uses	(60,910)	(60,910)	(33,891)	27,019
Net change in fund balance	(8,582)	(28,313)	(30,965)	(2,652)
Fund balance at beginning of year	64,059	64,059	64,059	
Fund balance at end of year	$ 55,477	$ 35,746	33,094	$ (2,652)
Adjustment to reconcile to GAAP:				
Receipt of interfund loan			(451)	
Payment of interfund loan			151	
Prepaid maintenance			17	
Ending fund balance - GAAP basis			$ 32,811	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - Housing Authority
Year Ended June 30, 2020 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Licenses, fees and permits	$ 60	$ 60	$ 65	$ 5
Intergovernmental revenues	100,620	100,620	96,971	(3,649)
Use of money and property	2,488	2,488	11,762	9,274
Other			329	329
Total revenues	103,168	103,168	109,127	5,959
Expenditures:				
Community and Economic Development	122,569	146,733	126,579	(20,154)
Total expenditures	122,569	146,733	126,579	(20,154)
Deficiency of revenues under expenditures	(19,401)	(43,565)	(17,452)	26,113
Other financing sources (uses):				
Transfers in		523	523	
Transfers out	(98)	(98)	(155)	(57)
Total other financing sources	(98)	425	368	(57)
Net change in fund balance	(19,499)	(43,140)	(17,084)	26,056
Fund balance at beginning of year	90,111	90,111	90,111	
Fund balance at end of year	$ 70,612	$ 46,971	73,027	$ 26,056
Adjustments to reconcile to GAAP:				
Park fee credits used for development loans			(552)	
Purchase of land held for resale, subsequently exchange for an interfund loan			7,270	
Prepaid maintenance			3	
Payment for an interfund loan			155	
Ending fund balance - GAAP basis			$ 79,903	

The accompanying notes are an integral part of these financial statements.

Statement of Net Position
Proprietary Funds
June 30, 2020 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service
ASSETS								
Current assets:								
Cash and cash equivalents	$ 13,923	$ 10,511	$ 9,812	$ 40	$ 10,530		$ 44,816	$ 14,590
Investments	57,490	43,405	40,515		43,279		184,689	60,253
Restricted cash and cash equivalents	16,058	6,523	2,316		4,191		29,088	194
Restricted investments	47,705	7,223	8,805				63,733	
Accounts receivable, net	46,267	6,734	8,748	54	232	$ 113	62,148	3,308
Accrued interest receivable	1,650	311	381		320		2,662	460
Interfund receivable	567				15		582	1,417
Inventories	23,156	669		47			23,872	1,393
Prepaid and other assets	36,877	1,553	2	26	12		38,470	861
Total current assets	243,693	76,929	70,579	167	58,579	113	450,060	82,476
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	48,654	14,936	2,954		5,788		72,332	
Restricted investments, less current portion	152,783	9,994	12,034		7,096		181,907	
Accounts receivable, less current portion								
Interfund receivable, less current portion	1,951						1,951	33,047
Prepaid and other assets	80,696						80,696	
Capital assets:								
Land	34,243	2,339	316	1,949	21,330	32,523	92,700	
Buildings, structures and improvements			131,986	18,858	709,586	171,041	1,031,471	11,309
Utility plant	1,365,370	503,877					1,869,247	
Machinery and equipment			8,506	1,266	39,932	2,686	52,390	72,219
Construction in progress	210,135	47,261	4,841		928		263,165	2,918
Total capital assets	1,609,748	553,477	145,649	22,073	771,776	206,250	3,308,973	86,446
Less accumulated depreciation	(607,682)	(174,139)	(30,552)	(13,915)	(308,968)	(12,762)	(1,148,018)	(53,161)
Capital assets, net	1,002,066	379,338	115,097	8,158	462,808	193,488	2,160,955	33,285
Total noncurrent assets	1,286,150	404,268	130,085	8,158	475,692	193,488	2,497,841	66,332
Total assets	1,529,843	481,197	200,664	8,325	534,271	193,601	2,947,901	148,808
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred charges on refunding bonds	8,315	4,203			14		12,532	
Deferred OPEB related items	3,240	883	624	34	879		5,660	1,549
Deferred pension related items	13,253	3,465	1,767	125	3,691		22,301	4,354
Total deferred outflows of resources	24,808	8,551	2,391	159	4,584		40,493	5,903

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2020 (In thousands)(continued)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts payable	$ 42,286	$ 13,966	$ 4,478	$ 321	$ 1,301	$ 29	$ 62,381	$ 7,496
Wages payable	815	331	149	8	238		1,541	4,739
Interest payable					1,771		1,771	20
Other long-term liabilities				61			61	31,933
Long-term debts	7,992		737		2,403	3,500	14,632	1,074
Unearned revenues					1,637		1,637	2,287
Deposits	7,642	527	782	106	4,269	6	13,332	
Interfund payable		344		1,811		15	2,170	1,541
Total current liabilities (payable from current assets)	58,735	15,168	6,146	2,307	11,619	3,550	97,525	49,090
Current liabilities (payable from restricted assets):								
Accounts payable	4,285	4,774	184		4,191		13,434	
Wages payable	221		11				232	
Interest payable	7,742	2,204	905				10,851	
Long-term debts	21,049	4,970	513				26,532	
Total current liabilities (payable from restricted assets)	33,297	11,948	1,613		4,191		51,049	
Total current liabilities	92,032	27,116	7,759	2,307	15,810	3,550	148,574	49,090
Noncurrent liabilities:								
Interfund payable, less current portion		1,376					1,376	
Interest payable, less current portion						3,516	3,516	
Other long-term liabilities, less current portion	6,391			137			6,528	52,483
Long-term debts, less current portion	707,339	203,144	49,892		223,124	6,000	1,189,499	63
Net OPEB liability	21,224	7,667	5,118	275	6,978		41,262	9,117
Net pension liabilities	94,322	29,458	15,516	1,032	32,859		173,187	31,785
Provision for decommissioning costs	87,235						87,235	
Total noncurrent liabilities	916,511	241,645	70,526	1,444	262,961	9,516	1,502,603	93,448
Total liabilities	1,008,543	268,761	78,285	3,751	278,771	13,066	1,651,177	142,538
DEFERRED INFLOWS OF RESOURCES								
Regulatory credits	106,501	2,501					109,002	
Regulated business activities	26,862						26,862	
Deferred item on refunding bonds	5,955	2,499	545				8,999	
Deferred OPEB related items	4,119	1,479	1,075	135	1,384		8,192	1,925
Deferred pension related items	2,518	683	1,082	143	1,576		6,002	1,243
Total deferred inflows of resources	145,955	7,162	2,702	278	2,960		159,057	3,168
NET POSITION								
Net investment in capital assets	361,934	197,859	73,511	7,943	248,771	183,988	1,074,006	30,044
Restricted for:								
Debt service	21,053	3,448	513				25,014	
Capital projects	15,839	3,321	14,183				33,343	
Other purposes	7,712						7,712	
Unrestricted	(6,385)	9,197	33,861	(3,488)	8,353	(3,453)	38,085	(21,039)
Total net position	$ 400,153	$ 213,825	$ 122,068	$ 4,455	$ 257,124	$ 180,535	1,178,160	$ 9,005
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(15,801)	
Net position of business-type activities							$ 1,162,359	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Operating revenues:								
Sales of retail and wholesale electricity, net	$ 383,856						$ 383,856	
Transmission revenues	30,189						30,189	
Sales of water, net		$ 83,908					83,908	
Solid waste collection fees			$ 49,846				49,846	
Wastewater fees			14,543				14,543	
Street cleaning fees			3,247				3,247	
Green fees and cart rentals				$ 3,964			3,964	
Facilities rental					$ 28,549	$ 17	28,566	
Concession fees				216	5,597		5,813	
Charges for services								$ 158,698
Other	3,867	1,035	3,176	102	1,763	24	9,967	481
Total operating revenues	417,912	84,943	70,812	4,282	35,909	41	613,899	159,179
Operating expenses:								
Cost of purchased power	265,626						265,626	
Fuel and generation of power	805						805	
Cost of purchased water		40,952					40,952	
Treatment and pumping of water		6,712					6,712	
Maintenance, operations and administration	67,525	20,620	62,479	4,446	46,205	397	201,672	62,704
Insurance premiums and claims								26,262
Compensated absences and other benefits								72,979
Depreciation	45,670	12,474	3,082	554	19,311	2,328	83,419	5,216
Total operating expenses	379,626	80,758	65,561	5,000	65,516	2,725	599,186	167,161
Operating income (loss)	38,286	4,185	5,251	(718)	(29,607)	(2,684)	14,713	(7,982)
Nonoperating income (expenses):								
Intergovernmental revenues			143				143	
Investment income	8,834	3,606	3,386	(39)	2,969		18,756	4,451
Interest expense	(23,561)	(7,444)	(1,563)	(4)	(9,750)	(224)	(42,546)	(100)
Gain (loss) from disposal of capital assets			(29)		(22)		(51)	49
Total nonoperating income (expenses)	(14,727)	(3,838)	1,937	(43)	(6,803)	(224)	(23,698)	4,400
Income (loss) before contributions and transfers	23,559	347	7,188	(761)	(36,410)	(2,908)	(8,985)	(3,582)
Capital contributions	8,844	1,763			1,558	174	12,339	
Transfers in	277	600			13,865	3,852	18,594	
Transfers out	(23,991)	(1,472)	(2,841)		(931)		(29,235)	
Change in net position	8,689	1,238	4,347	(761)	(21,918)	1,118	(7,287)	(3,582)
Net position at beginning of year	391,464	212,587	117,721	5,216	279,042	179,417		12,587
Net position at end of year	$ 400,153	$ 213,825	$ 122,068	$ 4,455	$ 257,124	$ 180,535		$ 9,005
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(2,005)	
Change in net position of business-type activities							$ (9,292)	

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:								
Receipts from customers and users	$ 417,090	$ 84,049	$ 67,113	$ 4,114	$ 36,743	$ 73	$ 609,182	
Receipts from interfund services provided	2,355	340	69				2,764	$ 158,698
Payments to suppliers	(267,331)	(50,053)	(48,640)	(3,723)	(19,273)	(352)	(389,372)	(35,774)
Payment of decommissioning costs	(5,204)						(5,204)	
Payments for salaries, wages and other benefits	(51,488)	(16,840)	(8,775)	(563)	(21,785)		(99,451)	(89,608)
Payments for interfund services used	(15,302)	(5,785)	(4,461)	(274)	(4,072)	(60)	(29,954)	(5,315)
Payments for insurance premiums and claims								(18,303)
Other receipts	4,016		3,087	406		119	7,628	492
Net cash provided by (used for) operating activities	84,136	11,711	8,393	(40)	(8,387)	(220)	95,593	10,190
Cash flows from noncapital financing activities:								
Receipt of interfund balances	542			1,811		15	2,368	1,651
Payment of interfund balances	(296)	(344)		(1,439)	(15)	(147)	(2,241)	(34,643)
Transfers in	277	600				352	1,229	
Transfers out	(23,991)	(1,472)	(2,841)		(931)		(29,235)	
Draw from line of credit	100,000						100,000	
Repayment of line of credit	(100,000)						(100,000)	
Operating grant receipts			223				223	
Net cash provided by (used for) noncapital financing activities	(23,468)	(1,216)	(2,618)	372	(946)	220	(27,656)	(32,992)
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets								141
Capital contributions	4,600	18					4,618	
Capital purchases	(64,308)	(25,326)	(2,898)	(199)	(6,937)		(99,668)	(4,188)
Proceeds from issuance of bonds	70,465	45,364					115,829	
Bond reserve fund transferred to refunded bond escrow	(9,414)						(9,414)	
Bond issuance costs	(444)	(358)					(802)	
Principal payments on long-term debt	(25,035)	(3,640)	(1,190)	(50)	(6,357)	(3,500)	(39,772)	(2,444)
Interest payments	(29,361)	(7,275)	(2,234)	(4)	(10,815)		(49,689)	(120)
Receipts of capital grant								256
Transfer in for capital purpose					13,865	3,500	17,365	
Interfund payment for capital purpose								(46)
Net cash provided by (used for) capital and related financing activities	(53,497)	8,783	(6,322)	(253)	(10,244)		(61,533)	(6,401)
Cash flows from investing activities:								
Purchase of investment securities	(53,903)	(19,807)	(27,489)		(14,741)		(115,940)	(11,607)
Proceeds from sale and maturity of investment securities	67,265	8,586	29,494		22,753		128,098	36,258
Interest received	3,926	1,797	1,776		1,696		9,195	1,550
Interest paid				(39)			(39)	(41)
Net cash provided by (used for) investing activities	17,288	(9,424)	3,781	(39)	9,708		21,314	26,160
Increase (decrease) in cash and cash equivalents	24,459	9,854	3,234	40	(9,869)		27,718	(3,043)
Cash and cash equivalents at beginning of the year	54,176	22,116	11,848		30,378		118,518	17,827
Cash and cash equivalents at end of the year	$ 78,635	$ 31,970	$ 15,082	$ 40	$ 20,509	$	$ 146,236	$ 14,784

(continued)

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	$ 38,286	$ 4,185	$ 5,251	$ (718)	$ (29,607)	$ (2,684)	$ 14,713	$ (7,982)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	45,670	12,474	3,082	554	19,311	2,328	83,419	5,216
Contributed small equipments						62	62	
Changes in assets, deferred outflows of resources, liabilities, and deferred outflows of resources:								
Accounts receivable	(4,463)	(667)	(658)	135	1,809	231	(3,613)	1,055
Inventories	(3,415)	(1,026)		(48)			(4,489)	(375)
Prepaids and other assets	(9,657)		1	(26)	3	149	(9,530)	227
Accounts payable and other accrued liability	4,503	(5,324)	(248)	(34)	(439)	(299)	(1,841)	589
Wages and benefits payable	8,404	1,956	850	(6)	1,511		12,715	3,928
Unearned revenues					4	(1)	3	(122)
Deposits	527	80	115	103	(979)	(6)	(160)	
Compensated absences and self-insurance liability								7,654
Provision for decommissioning liabilities	(5,204)						(5,204)	
Regulated business activities	4,016						4,016	
Regulatory credits	5,469	33					5,502	
Total adjustments	45,850	7,526	3,142	678	21,220	2,464	80,880	18,172
Net cash provided by (used for) operating activities	$ 84,136	$ 11,711	$ 8,393	$ (40)	$ (8,387)	$ (220)	$ 95,593	$ 10,190
Schedule of noncash investing, capital and noncapital financing activities:								
Increase in fair value of investments	$ 4,876	$ 1,789	$ 1,537		$ 1,309		$ 9,511	$ 2,926
Capital assets financed through capital leases				$ 248			248	1,705
Capital contributions	4,244	1,745			1,558	$ 112	7,659	
Refunded bond proceeds deposited in escrow to defease the outstanding revenue bond principal	184,498	32,201					216,699	
Defeasance of outstanding revenue bond principal	(173,880)	(30,495)					(204,375)	
Changes in accounts payable related to capital assets	(5,272)	(1,903)	68		(4,173)		(11,280)	
Amortization of bond premium (discount), deferred outflow/inflow, net	(7,044)	(731)	(646)		(944)		(9,365)	
Change in accrued interest payable	420	341	(25)		(120)		616	
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	$ 13,923	$ 10,511	$ 9,812	$ 40	$ 10,530		$ 44,816	$ 14,590
Restricted cash and cash equivalents, current portion	16,058	6,523	2,316		4,191		29,088	194
Restricted cash and cash equivalents, noncurrent portion	48,654	14,936	2,954		5,788		72,332	
Total cash and cash equivalents	$ 78,635	$ 31,970	$ 15,082	$ 40	$ 20,509	$	$ 146,236	$ 14,784

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position (Deficit)
Fiduciary Funds
June 30, 2020 (In thousands)

	Investment Trust Fund	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Restricted cash and cash equivalents	$ 718	$ 27,651	$ 6,875
Restricted investments	2,963	1,580	4,812
Accrued interest receivable	24	66	
Accounts receivable, net		1	13
Notes receivable, net		210	
Prepaid and other assets		544	
Unamortized prepaid bond insurance		539	
Total assets	3,705	30,591	11,700
LIABILITIES			
Accounts payable		4	
Wages payable		6	
Interest payable		4,172	
Due to bond holders			11,700
Long-term liabilities:			
Long-term debts due within one year		9,205	
Other long-term liabilities due within one year		2,168	
Other long-term liabilities due in more than one year		18,893	
Long-term debts due in more than one year		156,534	
Total liabilities		190,982	$ 11,700
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding bonds		414	
Total deferred outflows of resources		414	
NET POSITION			
Held in trust for pool participants	3,705		
Held in trust for other purposes (deficit)		(160,805)	
Total net position (deficit)	$ 3,705	$ (160,805)	

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position (Deficit)
Fiduciary Funds
Year Ended June 30, 2020 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Property tax		$ 20,743
Contributions to pooled investments	$ 8,091	
Interest and investment income	198	1,003
Rental income		456
Other		
Total additions	8,289	22,202
DEDUCTIONS		
Distributions from pool investments	7,758	
Salaries and administration		447
Program expenses		9,399
Interest expense		6,139
Total deductions	7,758	15,985
Change in net position	531	6,217
Net position (deficit) held in trust at beginning of year	3,174	(167,022)
Net position (deficit) held in trust at end of year	$ 3,705	$ (160,805)

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

(Amounts in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

As defined by U. S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as 1) appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; and 2) the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefit to or impose financial burden on the primary government regardless of whether the component unit has a) a separately elected government board, b) a governing board appointed by a higher level of government, or c) a jointly appointed board.

The accompanying financial statements present the City of Anaheim (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

Anaheim Housing Authority (Housing Authority) is a separate entity primarily funded by the U.S. Department of Housing and Urban Development to administer funds received under the Federal Housing Assistance Payments program. City Council members, in separate session, serve as the governing board of the Housing Authority. All budgeting, accounting and administrative functions of the Housing Authority are performed by the City. The financial activity of the Housing Authority has been blended into the City's Comprehensive Annual Financial Report (CAFR) in the government-wide governmental activities and in the fund financial statements as the Housing Authority Special Revenue Fund.

Anaheim Public Financing Authority (APFA), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in separate session, serve as the governing board of the APFA. Financial activity of the APFA has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

Anaheim Housing and Public Improvement Authority (AHPIA), a joint power authority, was created by and between the City and the Anaheim Housing Authority as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. Members of the City Council of the City serves as the members of the Board and Directors of the AHPIA. Financial activity of the AHPIA has been blended into the City's CAFR into various business-type activities and funds of the City as applicable.

The City is a participant in four joint ventures and jointly-owned properties (see note 14), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

The City is a participant in the California Municipal Finance Authority (CMFA), a non-profit Joint Power Authority created to strengthen local communities by assisting with the financing of economic development and charitable activities throughout the State of California. The CMFA acts as conduit issuer by assisting local governments, non-profits and businesses with the issuance of taxable and tax-exempt financing aimed at improving the quality of life in California. The City has no financial, budgeting and operational obligations and responsibilities of the CMFA. The CMFA is a jointly governed organization. The City has recorded assets and liabilities from the City's debt issuances through the CMFA in the business-type activities and funds of the City as applicable (see note 9).

Basic financial statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the City and its component units, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Net interfund activity and balances between governmental activities and business-type activities are shown as internal balances, net, in the government-wide financial statements. The "doubling up" effect of internal service fund activity has been eliminated from the government-wide financial statements with the expenses shown in the various functions and programs on the Statement of Activities.

Further, certain eliminations are also made to transfers of resources between funds in the fund financial statements so that only the net amount of the transfers are shown in the governmental activities and business-type activities columns.

The government-wide Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) net investment in capital assets 2) restricted, and 3) unrestricted. Investment in capital assets represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position is those with constraints placed on their use by either: 1) creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses for administrative overhead are allocated among the functions and programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds, as well as the internal service funds, are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Authority Special Revenue Fund accounts for the providing of housing assistance to low and moderate-income families in the Anaheim area. Financing is provided primarily from Federal Section 8, U.S. Department of Housing and Urban Development (HUD) receipts.

Anaheim Resort Improvements Debt Service Fund accounts for the accumulation of resources for payment of the principal and interest on the lease revenue bonds for the Anaheim Resort Improvements. Financing is provided by Lease Payment Measurement Revenues (LPMR).

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the City's electric utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Water Utility Fund accounts for the operation of the City's water utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Sanitation Utility Fund accounts for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste, street sweeping, and sanitary sewer cleaning on a user charge basis to residents and businesses located in Anaheim.

The Golf Courses Fund accounts for the operation of the Anaheim Municipal ("Dad Miller") Golf Course and the Anaheim Hills Golf Course, a self-supporting activity that renders services on a user charge basis.

The Convention, Sports & Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim. See note 14 for further discussions of the Angel Stadium of Anaheim and The City National Grove of Anaheim.

Anaheim Regional Transportation Intermodal Center (ARTIC) Management Fund accounts for the operation and maintenance of the ARTIC that serves as a rail station for Amtrak intercity rail, Metrolink commuter rail and bus station. The ARTIC renders services on a user charge basis.

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The City operates four internal service funds:

The General Benefits and Insurance Fund is used to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

The Motorized Equipment Fund is used to account for motorized equipment used by City departments.

The Information and Communication Services Fund is used to account for data processing and telecommunication services provided to City departments.

The Municipal Facilities Maintenance Fund is used to account for office maintenance services and equipment used by City departments.

Fiduciary Funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The Fiduciary Funds are not included in the government-wide financial statements as they are not an asset of the City. The City reports the following fiduciary funds:

The Investment Trust Fund is used to account for the external portion of the City's investment pool, which commingles resources of legally separate entities administered by the City in an investment portfolio for the benefit of all participants. The entities include three Joint Powers Authorities (JPA) governed by local boards. The City separately maintains these entities' money in three individual funds; these funds represent the assets, primarily cash and investment, and the related net position held in trust by the City to disburse these monies on demand.

The Successor Agency Private Purpose Trust Fund is used to account for resources legally held in trust for use by the Successor Agency to the Anaheim Redevelopment Agency (Successor Agency). The Former Anaheim Redevelopment Agency, a former component unit of the City, dissolved on February 1, 2012 under the State of California Assembly Bill 1X26.

The Agency Funds are used to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

Measurement focus and basis of accounting

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it is earned, measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits and penalties, and investment income.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

With this measurement focus, operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

The reporting focus for the investment trust fund and the private-purpose trust fund is upon net position and changes in net position and employs accounting principles similar to proprietary funds. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Cash and investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency securities and medium term corporate notes are carried at fair value based on quoted market prices. Nonparticipating guaranteed investment contracts, flexible repurchase agreements are carried at cost-based measure. Money market mutual funds and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost (which approximates fair value). The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 3 for further discussion.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents are included in the City's cash and investments pool and in accounts held by fiscal agents.

Notes receivable

In the government-wide financial statements, notes receivable of $79,416 includes accrued interest receivable of $24,646, ranging from 3% to 10% interest per annum, and is net of allowances of $35,269 for uncollectible accounts at June 30, 2020. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, disbursements for providing notes and loan receivables are recorded as expenditures while the collections of these receivables are recorded as revenues. Due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred inflows of resources equal to the outstanding principal and accrued interest balance, net of allowances of the notes receivable.

Inventories

Inventories are stated at average cost which consist of expendable supplies, electrical parts, and vehicle repair parts. The cost of such Inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid and other assets

Certain payments to vendors such as insurance premiums, prepaid power, prepaid rent, prepaid software maintenance and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. The costs of these prepaid items are recorded as expenditures/expenses in the period when consumed or when the City receives title to the real property rather than when purchased.

Land held for resale

The Housing Authority has recorded parcels of land held for resale in their financial records. The properties held for resale are for the primary purpose of developing low and moderate income housing and are recorded at the lower of cost or estimated net realizable value. At June 30, 2020, land held for resale with an original cost of $10,454 was recorded net of the allowance for decline in value of $4,422 and totaled $6,032, with this amount offset by a restriction of fund balance for low and moderate income housing in the Housing Authority major governmental fund financial statement.

The Long Range Property Management Plan nonmajor Special Revenue Fund records parcels of land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency on January 1, 2016 under the authorization of the approved Long Range Property Management Plan of the State of California Health and Safety Code Section 34191.5. The parcels are approved for future developments. The City has recorded the land held for resale equal to the net realizable value of these assets as recorded in the Successor Agency's financial records in the amount of $16,003 net of allowance for decline in value of $5,566 with a corresponding restriction in fund balance for future economic development.

Restricted assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Position or Balance Sheet, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, resources set aside by the Electric Utility for the future decommissioning of its former ownership share of the San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS) and the San Juan (SJ) Generating Station, Unit 4, are classified as restricted on both the government-wide Statement of Net Position and proprietary funds Statement of Net Position.

Capital assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than $5 ($50 for infrastructure) and an estimated useful life of greater than one year.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 85 years
Utility plant	5 to 75 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

The net book value of capital assets retired or disposed of, related salvage value proceeds and the costs of removal are recorded in accumulated depreciation in the Electric Utility and Water Utility Funds. In all other cases, these amounts are recorded as gains or losses on disposal of capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Debt issuance costs

Debt issuance costs, with the exception of prepaid insurance costs, are recognized as outflow of resources (expense/expenditure) in the period when the debt is issued. Prepaid insurance costs are capitalized and amortized over the lives of the related debt issues on a basis that approximates the effective-interest method.

Bond refunding costs

Bond refunding costs are deferred and amortized over the life of the new bond or over the life of the old bond, whichever is shorter, on a basis that approximates the effective-interest method. These costs are shown as a deferred outflow of resources on the Statement of Net Position.

Accretion

Accretion is an adjustment of the difference between the prices of a bond or certificates of participation (COP) issued at an original discount and the par value of the bond or COP. The accreted value is recognized as it accrues by fiscal year.

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide statement of net position, the City reported the following in this category:

1. Deferred charges on refunding bonds - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reported $3,583 in governmental activities and $12,532 in business-type activities in this category. The City also reported $27,398 in deferred outflows of resources resulting from partial defeasance of future accreted value on bonds in governmental activities.
2. Deferred outflows of OPEB related items - these balances represent current fiscal year contribution to the OPEB Trust that will be applied as a reduction in net OPEB liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in a fund's proportionate share of the net OPEB liability; the amount will be amortized and reported as a component in OPEB expense in future fiscal years (refer to discussion of OPEB Plan). The City reported $15,392 in governmental activities and $5,660 in business-type activities in this category.
3. Deferred outflows of resources of pension related items - these balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in a fund's proportionate share of the net pension liability; the amount will be amortized and reported as a component in pension expense in future fiscal years (refer to discussion of Pension Plans). The City reported $94,750 in governmental activities and $22,301 in business-type activities in this category.

Deferred inflows of resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisitions of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in this category:

1. Deferred inflow related to unavailable resources, which include revenues, notes and long-term receivable, measured under the modified accrual basis of accounting reported in governmental funds.

	General Fund	Housing Authority	Nonmajor Governmental Funds	Total
Govermental Funds:				
Grants	$ 4,759	$ 43	$ 16,330	$ 21,132
Other revenues	4,733			4,733
Long-term notes receivable		50,303	21,643	71,946
Due from successor agency			7,451	7,451
Total	$ 9,492	$ 50,346	$ 45,424	$ 105,262

2. Regulatory credits - accumulated from collections of the Electric and Water Utility customers reported in business-type activities. These amounts provide recovery in current period for costs to be incurred in future periods (refer to the discussion of Regulatory Credits below).

	Business-type activities
Enterprise Funds:	
Electric Utility	$ 106,501
Water Utility	2,501
Total	$ 109,002

3. Deferred inflow from regulated business activities related to amounts accumulated from collections from the Electric Utility customers reported in the business-type activities. These amount totaled $26,862 represented the excess funding of asset retirement obligations primarily resulting from the accumulation of investment earnings from the decommissioning irrevocable trust account. Refer to note 1 on page 60 of the notes to the financial statements of this report.
4. Deferred inflow related to refunding bonds includes gains from debt refunding. The City reports $8,999 in business-type activities in this category.
5. Deferred inflows of resources related to OPEB presents changes in total OPEB liability arising from changes in actuarial assumptions; difference between actual and projected plan experiences; difference between actual and projected investment gains/losses or changes of the Fund's proportionate share of the net OPEB liability. Refer to discussion of the OPEB Plan in note 13 of the notes to the financial statements on pages 96-100 of this report. The City reported $20,976 in governmental activities and $8,192 in business-type activities in this category.

   These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.
6. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These are the balances arise from changes in actuarial assumptions; difference between actual and projected experience; difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the Plan's net pension liability. Refer to discussion of Pension Plans in note 12 of the notes to the financial statements on pages 91-96 of this report. The City reported $17,483 in governmental activities and $6,002 in business-type activities in this category.

Regulatory credits

The Electric Utility's Rates, Rules, and Regulations provide for the Rate Stabilization Account (RSA), which contains two components: the Power Cost Adjustment (PCA) that was adopted by City Council on April 1, 2001, and the Environmental Mitigation Adjustment (EMA) that was adopted by the City Council on January 13, 2009. The PCA has mitigated variations in the power supply or fuel costs. The EMA allows the recovery of environmental mitigation costs, such as greenhouse gas emissions costs, the marginal cost differential between renewable power and traditional fossil-fuel-based power. The RSA provides the City with operational and billing flexibility to mitigate material fluctuations in the cost of energy, loss of revenues, or unplanned costs including unexpected long-term loss of a generating facility, unplanned limits on the ability to transmit energy to the City, or major disasters. The RSA funded by PCA and EMA collections is billed to customers through standard rates.

The Electric Utility restructured its rates effective September 1, 2015 in order to more effectively align the recovery of the Electric Utility's costs with the nature of the costs incurred. This was accomplished by reducing the Power Cost Adjustment (PCA) and the Environmental Mitigation Adjustment (EMA) with corresponding increases to base rates. The restructuring was designed to be revenue neutral to the customer.

During fiscal year 2020 the Electric Utility recognized $17,250 in RSA revenues. This amount is included in the operating revenues Sales of retail and wholesale electricity of the Electric Utility Enterprise Fund.

As of June 30, 2020, the PCA rates were $0.100 per kWh for residential, general commercial, industrial and municipal customers and $0.0048 for large commercial customers. The Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled $53,115. The EMA rates were $0.0055 per kWh for residential, general commercial, industrial and municipal customers and $0.0105 per KWh for large commercial customers. The deferred inflows of resources recorded for regulatory credits related to EMA totaled $53,386.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This rate stabilization account (RSA) provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2020 the deferred inflows of resources recorded for regulatory credits totaled $2,501 for the Water Utility. During fiscal year 2020, there was no RSA revenues recognized.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2020, totaled $23,571 and is included in other long-term liabilities in the Statement of Net Position. Also included in long-term liabilities in the Statement of Net Position at June 30, 2020, is compensatory time liability of $677.

Changes in the City's compensated absences liability in fiscal year 2020 were as follows:

Estimated compensated liability at beginning of year	$ 21,822
Estimated compensated absence benefits earned	25,741
Compensated absences used	(23,315)
Compensated absences liability end of year	$ 24,248

Asset Retirement Obligations (ARO)-Provision for decommissioning costs

GASB Statement No. 83, *Certain Asset Retirement Obligations* effective July 1, 2018. This standard requires the City to record a liability and deferred outflow of resources associated with the retirement of tangible capital assets that it has an enforceable legal obligation to take specific actions to retire. GASB Statement No. 83 requires governmental entities to record a liability and a corresponding deferred outflow at the time there is an external obligating event such as a federal or state regulation, a legally binding contract or court judgment and when there is an internal obligating event which is at the time an asset is acquired or if constructed when placed in service.

Federal regulations require the City's Electric Utility to provide for the future decommissioning costs of its former ownership share of the San Onofre Nuclear Generating Station (SONGS). Prior to the implementation of GASB Statement No. 83, the Electric Utility has established a provision for decommissioning costs of SONGS and the restoration of the beachfront at San Onofre, California, that is used by the plant. A separate irrevocable trust account was established for amounts funded, and these amounts are classified as restricted assets in the Statement of Net Position. The Electric Utility estimated and recorded its asset retirement obligations at the current value of outlays expected to be incurred using a site specific cost study performed by a third-party consultant. Current value is the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired at the end of the current reporting period. This approach includes probability weighting of potential outcomes when this data can be obtained at a reasonable cost.

On June 7, 2013, Southern California Edison (SCE) announced the permanent retirement of the SONGS plant. The Electric Utility's minority interest in SONGS units 2 and 3 is approximately 2.4681% of the total decommissioning costs estimated at $4,702,264 at June 30, 2020. SCE has decommissioning responsibility as well as majority interest of 75.7419%. Other minority owners are San Diego Gas and Electric 20.0%, and the City of Riverside Public Utilities 1.79%. The Electric Utility's minority share interest in SONGS of 2.4681% of the total decommissioning liability, net of payments already made by the Electric Utility, is $75,807 at June 30, 2020. The Electric Utility currently has assets of $101,988 including accrued interest of $715 in an irrevocable trust for the decommissioning costs. The overfunding amounts of $26,181, recorded in the deferred inflows from regulated business activities at June 30, 2020, are held in trust that will be used to reduce rates in the future or return to Electric rate customers if there are any funds remaining at the completion of decommissioning which is expected to take approximately 30 to 40 years. During fiscal year 2020, the Electric Utility paid $5,204 related to SONGS decommissioning costs.

The Electric Utility was also previously a minority owner of the San Juan Generation Station (SJ) located in San Juan, New Mexico and is responsible for the future decommission costs related to its former ownership share in Units 2 and 3. The Electric Utility's minority share interest in SJ is 3.1% of the total estimated decommissioning liability of $174,130. PNM Resources, Inc. has decommissioning responsibility as well as majority interest of 46.297%. Other minority owners are Texas-New Mexico Power Company 19.8%; Southern California Public Power Authority 12.71%; M-S-R Public Power Agency 8.7%; the City of Farmington, New Mexico 2.559%; Tri State Generation and Transmission Associates, Inc. 2.49%; the Incorporated County of Los Almos, New Mexico 2.175%; and Utah Associated Municipal Power Systems 2.169%. By fiscal year 2022, it is estimated that the Electric's Utility percentage liability will decrease from 3.1% to an estimated 2.7% as the plant continues to operate after the Electric Utility transferred its ownership rights on December 31, 2017. As of June 30, 2020, the Electric Utility has recorded a provision for decommissioning costs for SJ of $5,398 with assets of $6,079 in the City's restricted cash account for the decommissioning costs. The overfunding amount of $681, recorded in the deferred inflows from regulated business activities at June 30, 2020, will be returned to Electric rate customers if there are any funds remaining at the completion of the decommissioning which is expected to take approximately 20 to 40 years. The Electric Utility recorded its proportionate share of the asset retirement obligations based on its former ownership percentages of estimates made by the primary owners of the assets which measured their respective liability under standards set by the GASB.

During fiscal year 2020, the Kraemer Combustion Turbine plant (CT) located in the northeast part of the City was taken out of service and will be decommissioned as part of the Electric Utility's responsibility to provide for the repurposing of the site for use for future needs of our customers. The Electricity Utility owns 100% of the plant. The Electric Utility has recorded a provision for decommissioning costs for the CT of $6,030.

The Electric Utility had the following asset retirement obligations as of June 30, 2020:

Asset	Obligating Event	Beginning	Additions	Payments	Ending
SONG	Ownership Agreement	$ 81,011		$ (5,204)	$ 75,807
SJ	Ownership Agreement	5,398			5,398
CT	Ownership		$ 6,030		6,030
		$ 86,409	$ 6,030	$ (5,204)	$ 87,235

Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (CalPERS). The City's policy is to fund all annual required actuarially determined contribution (ADC); such costs to be funded are determined annually as of July 1 by the CalPERS's actuary. The City maintains three Pension Plans with CalPERS - Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. See note 12 for further discussion.

Payments of the ADC are liquidated from the Funds where the employees' payroll expenses are charged. The Police and Fire Safety Plans are liquidated from the General Fund, and the Grant nonmajor special revenue funds. The Miscellaneous Plan is allocated among all City Funds that include the General Fund, the Housing Authority major special revenue fund, all nonmajor capital project funds, all nonmajor special revenue funds, and all proprietary funds, in proportion to the Fund's payroll expenses.

For purposes of measuring the net pension liability and deferred outflows/ inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Postemployment benefits other than pension (OPEB)

Regular, full time employees meeting certain eligibility requirements are provided the OPEB benefits. The City is a participant in the California Employer's Retiree Benefit Trust (CERBT). It is the City's policy to fund all annual required actuarially determined contributions (ADC) determined by an actuarial valuation.

Payments of the ADC is allocated among all City Funds in proportion to the Fund's full time payroll expenses in the General Fund, the Housing Authority major special revenue fund, all nonmajor capital project funds, all nonmajor special revenue funds and all proprietary funds.

For purposes of measuring the net OPEB liability and deferred outflows/ inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/ deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 13 for further discussion.

On October 1, 2005, the City and the International Brotherhood of Electrical Workers (IBEW), Local 47, entered into a Letter of Understanding related to the Retiree Medical Plan. Under the Plan, the IBEW would establish a union trust (Trust) for the sole and exclusive purpose of providing post-retirement medical benefits to IBEW bargaining unit employees employed by City of Anaheim on October 1, 2005, and their eligible surviving spouses and dependents. The City agreed to transfer to the Trust for each employee in the IBEW bargaining unit the one-time post-retirement medical reserve allocations, and the IBEW and City also agreed that the sum of four percent of base biweekly pay shall be contributed by the employees of the IBEW bargaining unit to the Retiree Medical Plan. It should be noted that the Trust does not constitute a City-sponsored OPEB defined benefit plan and furthermore, that the City's responsibility is limited to contributions negotiated with the IBEW, as such, there is no related retiree-medical liability included in the City's OPEB plan.

Net position restricted by enabling legislation

The government-wide Statement of Net Position reports $251,942 of governmental activities restricted net position, of which $66,339 is restricted by enabling legislation.

Fund balances

In the fund financial statements, governmental funds report the following classifications:

- Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid or long term loans and notes receivable.
- Restricted fund balance includes amounts when constraints placed on the use of the resources are either imposed by external resource providers, constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of the decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action by the City Council to remove or revise the limitation.
- Assigned fund balance includes amounts that the City intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has by Resolution authorized the City Manager or his designee to establish, modify or rescind an assigned fund balance.
- Unassigned fund balance accounts for the residual balance of the City's general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Generally, the City would first apply restricted resources when expenditures incurred for which both restricted and unrestricted resources are available. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first, followed by assigned fund balance. Unassigned fund balance is applied last.

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2020, encumbrances totaled $303, $48 and $5,471 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2020 of $101 in the Workforce Development, $201 in the Community Development Development Block Grant nonmajor Special Revenue Funds, $13,674 in the Streets Construction, and $760 in the Transportation Improvement Projects nonmajor Capital Project Funds, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

Budgetary principles

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations in operating expenditures must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at the end of the fiscal year, except for capital projects which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next fiscal year.

GASB Statement No. 34 allows that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements rather than as Required Supplementary Information. These statements must display original budget, amended budget and actual results.

Budgeted revenue amounts represent the original budget modified by City Council authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are generally prepared in conformity with GAAP using the modified accrual basis of accounting, with the exception of capital leases, or other similar instruments, and land held for resale, which are budgeted on a cash basis.

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied in the governmental funds to the extent that they result in current receivables collectible within 60 days after year-end. See note 8 for discussion of pledged property tax revenues.

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

Entitlements, shared revenues and grants

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

Revenue recognition for Electric Utility, Water Utility, and Sanitation Utility Funds

Revenue, net of uncollectible amount, is recorded in the period in which services are provided. Most residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2020 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to $23,770, $1,611, and $4,132, respectively. See note 9 for discussion of pledged revenues.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2020:

- Statement No. 95, *Postponement of the Effective dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective for periods beginning after June 15, 2018, and later. This statement is effective immediately.
- Implementation Guide No. 2018-1, *Implementation Guide Update - 2018*. The objective of this Statement is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide are effective for reporting periods beginning the fiscal year that ends June 30, 2020.

The City had implemented Statements No 83, 88, and 89 in the prior fiscal year. Implementations of the above GASB Statements have no material effect on amounts reported in the City's financial statements.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of this Statement are effective beginning with the fiscal year ends June 30, 2021.

- Statement No. 87, *Leases*. This statement establishes accounting and financial reporting standards focused on certain lease liabilities that currently are not reported. Comparability of financial statements among governments will be enhanced by requiring lessees and lessors to report leases under a single model. Decision-usefulness will also be enhanced by requiring notes to financial statements related to the timing, significance, and purpose of leasing arrangements. The requirements of this Statement are effective for reporting periods with the fiscal year that ends June 30, 2022.

- Statement No. 90, *Majority Equity Interests – An amendment of GASB Statement No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2021.

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after June 30, 2023.

- Statement No. 92, *Omnibus 2020*. The Statement addresses a variety of practice issues that have been identified during implementation and application of certain GASB Statements including specific provisions in the effective date of Statement No. 87, *Leases*, and implementation Guide No 2019-3, *Leases*; accounting and financial reporting for pension and other postemployment benefits, reporting for intra-entity transfers of assets, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable for reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities and terminology used to refer to derivative instruments. The requirements of this Statement are effective as follows:

  The effective date of Statement No. 87, and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments. The requirements are effective upon issuance.

  The requirements related to intra-entity transfers of assets and those related to the applicability of Statement 73 and 74 are effective for fiscal years beginning after June 15, 2020.

  The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.

  The requirements related to the measurement of liabilities (and assets, if any) associated with AROS in a government acquisitions are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

- Statement No. 93, *Replacement of Interbank Offered Rates*. The Statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rate (IBOR) in hedging derivative instruments and leases. It also identifies benchmark interest rates for hedging derivative instruments. The requirements of the Statement, except for paragraph 11b, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021 and all reporting periods thereafter.

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. A Public-Private and Public-Public Partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Availability payment arrangements (APS) have also been used in practice to procure governmental services. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. Subscription-Based Information Technology Arrangements (SBITAS) are arrangements that governments enter into vendor-provided information technology, software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. This Statement establishes accounting and financial reporting for SBITAS and the requirements for this Statement are effective for the fiscal year beginning after June 15, 2022, and all reporting periods thereafter.
- Statement No. 97. *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. An amendment of GASB Statement No. 14 and No. 84 and a supersession of GASB Statement No. 32.* This Statement requires that a Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.
- Implementation Guide No. 2019-1. *Implementation Guide Update-2019.* The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
- Implementation Guide No. 2019-3. *Leases.* The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

NOTE 3 – DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool, which includes the cash balances of all funds, and is invested by the City Treasurer to enhance interest earnings. The pooled interest earned, net of administrative fees, is reallocated to each fund based on their respective average daily cash balances.

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation (S&P) and received a credit rating of AA+f/S1 in December 2017.

The City's investment policy further limits the permitted investments in Government Code Sections 53600 et al, 16429.1 and 53684 to the following: obligations of the United States government, federal agencies, and government sponsored enterprises; medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper; LAIF; repurchase agreements; reverse repurchase agreements; supranationals; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2020:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	$ 9,521	$ 36,956	$ 1,981	$ 8,183	$ 56,641
Housing Authority	13,204	54,053	579		67,836
Anaheim Resort Improvements			80,346	33,675	114,021
Nonmajor governmental funds	22,591	92,777	16,984	20,671	153,023
Internal service funds	14,590	60,253	194		75,037
Total governmental activities	59,906	244,039	100,084	62,529	466,558
Business-type activities:					
Electric Utility	13,923	57,490	64,712	200,488	336,613
Water Utility	10,511	43,405	21,459	17,217	92,592
Sanitation Utility	9,812	40,515	5,270	20,839	76,436
Golf Courses	40				40
Convention, Sports & Entertainment Venues	10,530	43,279	9,979	7,096	70,884
Total business-type activities	44,816	184,689	101,420	245,640	576,565
Government-wide totals	104,722	428,728	201,504	308,169	1,043,123
Fiduciary funds			35,244	9,355	44,599
Total cash and investments	$ 104,722	$ 428,728	$ 236,748	$ 317,524	$ 1,087,722

Deposits and investments are comprised of the following at June 30, 2020:

Deposits	$	12,812
Investments		1,074,910
Total deposits and investments	$	1,087,722

At June 30, 2020, deposits of $12,812 with a corresponding bank balance of $21,088, were maintained in various federally regulated financial institutions. The difference of $8,276 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of $1,288 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling $19,800, California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Budget, Investment and Technology Commission for review and the City Council for approval. The approved investment policy Statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal and to meet daily cash flow needs while providing a return. All investments are made in accordance with the Government Code and, in general, the City Treasurer's policy is more restrictive than Government Code.

Investments authorized by the Government Code and the City's investment policy

The following table identifies the investment types that are authorized for the City by its investment policy which is more restrictive than Government Code. The table also identifies certain provisions of the City's investment policy 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 Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	(S&P/ Moody's / Fitch)
U.S. Treasury obligations	5 Years	100%	None	None
U.S. agency securities	5 Years	100%	40%	None
Banker's acceptances	180 days	40%	5%	None
Commercial paper	270 days	25%	5%	A-1;P-1;F-1
Negotiable certificates of deposit	365 days	25%	5%	None
Repurchase agreements	1 Year	30%	None	None
Reverse repurchase agreements	90 days	20%	None	None
Medium-term corporate notes	5 Years	30%	5%	A-
Money market mutual funds	N/A	20%	10%	AAA
LAIF	N/A	$50 million per account	$50 million per account	None
Time Certificate of Deposit (TCD)	1 year	20%	5%	None
Supranationals	5 Years	20%	10%	AA

*Excluding amounts held by bond trustees that are not subject to Government Code restrictions

The City's pooled investments comply with the requirements of the investment policy. GAAP requires disclosure of certain investments in any one issuer that exceeds five percent concentration of the total investments. At June 30, 2020, the following investments represent five percent or more of the City's total pooled investments.

Issuer	Investment Type		Fair Value	%
Federal Farm Credit Bank	U.S. agency securities	$	124,603	20%
U.S. Treasury obligations	Treasury securities		113,779	18%
LAIF	Local Agency Investment Fund		70,757	11%
Federal Home Loan Bank	U.S. agency securities		64,447	10%
Wells Fargo Government Institution	Money Market Mutual Funds		44,368	7%
Federal Home Loan Mortgage Corporation	U.S. agency securities		31,012	5%
Fannie Mae	U.S. agency securities		30,972	5%

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the 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	Percentage Allowed	Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Guaranteed investment contracts	None	None	None
Collateralized investment contracts	None	None	None
Flexible repurchase agreements	None	None	None
Money market mutual funds	None	None	None
LAIF	None	None	None

At June 30, 2020, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

Issuer	Investment Type	Fair Value	%
U.S. Treasury obligations	Treasury securities	$114,269	25%
First American Treasury Obligations	Money market mutual fund	83,675	19%
Dreyfus Treasury	Money market mutual fund	80,508	18%
Federal Farm Credit Bank	U.S. agency securities	30,680	7%
Morgan Stanley	Flexible Repurchase Agreement	33,818	7%
Federal Home Loan Bank	U.S. agency securities	28,367	6%

All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

Investment in the State of California Local Agency Investment Fund (LAIF):

The City is a voluntary participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in LAIF is carried at fair value in the accompanying financial statement based on the pro-rata share of the fair value of each participating dollar as provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Regular LAIF accounts are subject to limitation of $75 million cap and 15 transactions a month. Withdrawal can be made same day but LAIF requires one day advanced notice for withdrawal amount $10 million or greater.

Custodial credit risk

Custodial credit risk for investments is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2020.

City's investments (including investments held by bond trustees) to market interest rate fluctuations and the distribution of the City's investments by maturity at June 30, 2020:

Cash Equivalents & Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2020	12 months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More than 60 Months
Cash equivalents & investments controlled by City Treasurer:							
U.S. treasury obligations	AA+, Aaa	$ 113,779	$ 20,069	$ 30,609	$ 31,007	$ 32,094	
U.S. agency securities	AA+, Aaa	251,034	10,054	46,015	63,418	131,547	
Medium term notes	AAA, Aaa	9,176	4,016	5,160			
Medium term notes	AA+, Aa1	15,905			15,905		
Medium term notes	AA+, Aaa	5,389				5,389	
Medium term notes	AA, Aa2	5,295			5,295		
Medium term notes	AA-, A1	5,089		5,089			
Medium term notes	AA-, Aa3	26,600	2,013		13,649	10,938	
Medium term notes	A+,A1	10,173	5,008	5,165			
Medium term notes	A+, Aa2	9,341		9,341			
Medium term notes	A+, Aa3	5,019	5,019				
Medium term notes	A, A1	3,161				3,161	
Medium term notes	A, A2	17,744		7,228		10,516	
Medium term notes	A- A2	11,682	6,019			5,663	
Medium term notes	A-,A3	10,245	5,022			5,223	
Supranationals	AAA,Aaa	5,110		5,110			
Money market mutual funds	AAA, Aaa	47,529	47,529				
LAIF	Unrated	70,757	70,757				
Total cash equivalents & investments controlled by City Treasurer		623,028	175,506	113,717	129,274	204,531	
Cash equivalents & investment controlled by bond trustees:							
U.S. treasury obligations	AA+,Aaa	85,585	54,038	10,761	20,786		
U.S. treasury obligations	P-1	28,684	28,684				
U.S. agency securities	AA+,Aaa	49,638	7,039	12,128	8,523	21,948	
U.S. agency securities	P-1	19,779	19,779				
Guaranteed investment agreements	Unrated	9,113	8,353			760	
Flexible repurchase agreements	Unrated	48,400					$ 48,400
Money market mutual funds	Aaa	191,069	191,069				
Money market mutual funds	A1	76	76				
LAIF	Unrated	19,538	19,538				
Total cash equivalents & investments controlled by bond trustees		451,882	328,576	22,889	29,309	22,708	48,400
Total cash equivalents & Investments		$ 1,074,910	$ 504,082	$ 136,606	$ 158,583	$ 227,239	$ 48,400

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

However, in certain instances, there are no quoted market prices for the City's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The City groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 of the fair value hierarchy are valued using a matrix pricing technique utilizing market data including, but not limited to benchmark yields, reported trades, and broker-dealer quotes. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The City has the following recurring measurements as of June 30, 2020:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets	Significant other Observable Inputs	Not Required to be leveled
Investment by fair value level	6/30/2020	(Level 1)	(Level 2)	
Debt securities:				
U.S. Treasury Obligations	$ 228,048	$ 228,048		
U.S. Agency Securities	320,451	19,779	$ 300,672	
Commercial Paper	5,110		5,110	
Medium Term Corporate Notes	134,819		134,819	
LAIF	90,295			$ 90,295
Total investment measured at fair value	778,723	$ 247,827	$ 440,601	$ 90,295
Investments measured at cost-based:				
Guaranteed investment contracts	9,113			
Flexible repurchase agreements	48,400			
Money Market Mutual Funds	238,674			
Total investment measured at cost-based	296,187			
Total pooled and bond trustee investments	$1,074,910			

NOTE 4 – ACCOUNTS RECEIVABLE, DUE FROM OTHER GOVERNMENTS, DUE FROM THE SUCCESSOR AGENCY, INTERFUND RECEIVABLE AND PAYABLE BALANCES, AND CERTAIN INTERFUND TRANSACTIONS:

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2020, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	$ 15,305	$ (5,928)	$ 9,377
Housing Authority	184	(131)	53
Nonmajor governmental funds	129	(11)	118
Internal service funds	3,308		3,308
Total governmental activities	18,926	(6,070)	12,856
Business-type activities:			
Electric Utility	48,888	(2,621)	46,267
Water Utility	7,286	(552)	6,734
Sanitation Utility	9,188	(440)	8,748
Golf Courses	54		54
Convention, Sports & Entertainment Venues	313	(81)	232
ARTIC Management	113		113
Total business-type activities	65,842	(3,694)	62,148
Total accounts receivable	$ 84,768	$ (9,764)	$ 75,004

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2020, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	$ 11,228	$ 16,210	$ 651	$ 28,089
Housing Authority		27		27
Nonmajor governmental funds		23,685	9	23,694
Total due from other governments	$ 11,228	$ 39,922	$ 660	$ 51,810

Revenues are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

General fund	$ 3,136
Electric Utility	2,007
Water Utility	344
Sanitation Utility	476
Convention, Sports & Entertainment Venues	30
ARTIC Management	231
Total	$ 6,224

Due from the Successor Agency

At June 30, 2020, the amount due from the Successor Agency is $7,451. Due to the extended period of time over which the receivables for the HUD loan agreements are to be collected, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due in the nonmajor special revenues funds ($3,998) and the nonmajor capital project fund ($3,453).

- On April 1, 2003 the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing $10,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2020, the amount due is $3,453.
- On June 1, 2010, the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing $7,000 of funds from the HUD Section 108 $15,000 loan proceeds. The amount is due to the City by annual installment through June 2031. At June 30, 2020, the amount due is $3,998.

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of $16,814 are included in the government-wide financial statements at June 30, 2020.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2020, are as follows:

	Interfund Receivable: General Fund	Housing Authority	Nonmajor governmental funds	Internal service funds	Electric Utility	Convention, Sports and Entertainment	Total
Interfund Payable:							
Governmental Funds:							
General Fund		$ 7,426		$ 33,055	$ 666		$ 41,147
Anaheim Resort Improvements	$ 3,725						3,725
Nonmajor governmental funds	300	1,598	$ 14,776				16,674
Enterprise Funds:							
Water Utility					1,720		1,720
Golf Courses	1,811						1,811
ARTIC Management						$ 15	15
Internal Service Funds				1,409	132		1,541
Total	$ 5,836	$ 9,024	$ 14,776	$ 34,464	$ 2,518	$ 15	$ 66,633

All interfund balances at June 30, 2020 are generally short-term loans to relieve temporary cash deficits in various funds, except the following interfund balances that are expected to be repaid in more than one year:

General Fund

Due to general tax revenue shortfall resulting from the COVID-19 pandemic and the California Stay-At-Home order, during fiscal year 2020, the General Fund borrowed $33 million from the General Benefits and Insurance Fund, an internal service fund of the City, to provide cash relieve for General Fund operations. The fund will be repaid over ten years at the City of Anaheim Treasury Investment Portfolio earning rate.

Electric Utility

- In 2015, the Public Utility Customer Service Information System Project was completed and placed in service. The Electric Utility paid for the total cost of the project. The Water Utility portion of the total cost is $3,484, payable in annual amounts of not less than $344 beginning July 2016 until July 2024. The outstanding balance at June 30, 2020 is $1,720.
- The Public Utility, Public Works and Community Services Departments entered in various Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low-interest financial assistance to fund project costs in implementing resource efficiency measures in various City facilities, City Parks and City libraries. The funds will be repaid over five years.

1. In October 2016, $309 was provided to fund the costs of the security light and photocell replacement resource efficiency upgrading projects in various City parks. Interest rate is 0.65% per annum. Monthly principal and interest payment is $5 payable from unrestricted general fund resources. At June 30, 2020, the balance is 176.
2. In November 2016, $231 was provided to fund the costs of the general office lighting and parking garage structure resource efficiency upgrading projects. Interest rate is 0.65% per annum. Monthly principal and interest payment is $4 payable from unrestricted resources of the Municipal Facility Maintenance internal service fund. At June 30, 2020, the balance is $132.
3. In February 2019, $295 was provided for the security lighting upgrade projects in various City parks. The interest rate is 2.11% per annum, principal and interest payment is $5 payable from unrestricted general fund resources. At June 30, 2020, the balance is $227.
4. In August 2019, $296 was provided for the replacing, upgrading, retrofitting, and construction project materials, contract labor, and design services in various City-owned libraries. Interest rate is 2.35% per annum. Monthly principal and interest payment is $5 payable from unrestricted general fund resources. At June 30, 2020, the balance is $263.

Housing Authority

- In February 2018, the City and the Anaheim Housing Authority (Authority) entered into a Cooperation Agreement whereby the City and Housing Authority exchanged real property for the purpose of developing affordable housing. The market value of the Housing Authority property exceeded that of the City property by $2,150; hence, the City agreed to provide $2,150 in future Park Fee Credits to the Housing Authority for the benefit of affordable housing development. At June 30, 2020, the park fee credit due to the Housing Authority is $1,598 from the Community Services Facilities nonmajor special revenue fund.
- On July 30, 2019, the Authority purchased 1213 & 1227 South Claudina Street ("Properties") from B&AINV 1 & 2 LLC at a purchase price of $7,250. The Authority wishes to exchange the Properties for property owned by the City (yet to be determined) of equal value and suitable for low and moderate income housing purposes. Concurrently, the City entered into a Purchase & Sale Agreement

dated July 30, 2019 with ATN Asset Holding Co. LLC (ATN) for the sale of Properties for $7,405 secured by a note and deed of trust for the entire amount. To facilitate the sale, the Properties were transferred from the Authority to the City. The City and the Authority entered into an Agreement and Escrow Instructions for Delayed Exchange of Real Property for a replacement property, yet to be determined. Interfund due from and to in the amount of $7,426 were reported in the Housing Authority and General Fund respectively with the General Fund reported a note receivable from ATN in the amount of $7,405.

Certain interfund transactions

The following interfund transfers are reflected in the fund financial statements at June 30, 2020:

	Transfer In:								
					Enterprise Funds				
	General Fund	Housing Authority	Anaheim Resort Improvements	Nonmajor governmental funds	Electric Utility	Water Utility	Convention, Sports & Entertainment Venues	ARTIC Management	Total
Transfer Out:									
General Fund			$ 44,713	$ 3,919		$ 600	$ 13,865		$ 63,097
Nonmajor governmental funds	$ 149	$ 523		524				$ 3,500	4,696
Electric Utility	23,991								23,991
Water Utility	1,195				$ 277				1,472
Sanitation Utility	2,841								2,841
Convention, Sports & Entertainment Venues	579							352	931
Total	$ 28,755	$ 523	$ 44,713	$ 4,443	$ 277	$ 600	$ 13,865	$ 3,852	$ 97,028

The net transfers between governmental funds and proprietary funds is $10,641 which are primarily comprised of operational subsidies from enterprise funds to the General Fund and are offset by debt service subsidies to the ARTIC Management and Convention, Sports & Entertainment Venues Funds.

The City made the following major transfers during fiscal year ended June 30, 2020:

- Transfer of $44,713 represents Lease Payment Measurement Revenues (LPMR) from the General Fund to the Anaheim Resort Improvements major Debt Service Fund which is held by the Trustee, see discussion on note 9 of the notes to the financial statements on page 78 of this report.
- Transfer of $13,865 from the General Fund to the Convention, Sports & Entertainment Venues Enterprise Fund for debt service.
- Transfer of $1,258 from the General Fund to the Municipal Facilities nonmajor Debt Service Fund for debt services.
- Transfer of $2,395 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for Public Safety 800 Megahertz (mHz) communication debt service ($803); Community Learning Center capital project ($893), various Community Services and Public Works projects ($449); and various neighborhood capital improvement projects ($250).
- Transfer of $517 from the Gas Tax nonmajor Special Revenue Fund to Street Construction nonmajor Capital Project Fund for street construction projects.
- Transfer of $523 from the Grants nonmajor Special Revenue Fund to the Housing Authority major Special Revenue to provide funding for HOME grant eligible expenditures of the Manchester Orangewood housing projects.
- Transfer of $600 from the General Fund to the Water Utility Enterprise Fund per the result of Measure N in the November 2014 election.
- Transfer of $3,500 from the Gas Tax nonmajor Special Revenue Fund to the ARTIC Management Enterprise Fund for debt services on the ARTIC land acquisition loan as discussed on note 9 of the notes to the financial statements on page 83 of this report.
- Transfers of $18,323 from the Electric Utility Enterprise Fund and $2,841 from the Sanitation Utility Enterprise Fund to the General

Fund. As defined by City Charter, the transfer is equal to the maximum of 4% of total operating revenues of the current fiscal year.

- Transfer of $5,668 from the Electric Utility Enterprise Fund and $1,195 from the Water Utility Enterprise Fund to the General Fund. The amount represents the City Council approved transfer of 1.5% retail electric revenue and net water revenue of the prior fiscal year.

The net transfer of $10,641 from the business-type activities to governmental activities in the government-wide Statement of Activities consisted of the net transfers described above.

Except for the transfers detailed above, there were no other significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the Fund making the transfer.

NOTE 5: ECONOMIC ASSISTANCE AGREEMENTS - TAX ABATEMENTS (as defined by GASB Statement No. 77)

As of June 30, 2020, the City Council approved two Economic Assistance Agreements (Agreements) to developers. These Agreements related to constructions of a Hotel and retail spaces (Projects) within the City of Anaheim. There has been analysis of the feasibility gap between the costs of developing and operating the Projects and the costs that the Projects can finance and viably support. The feasibility gap for the Projects is the economic assistance that the City has committed to partially provide.

- In July 2002, the City entered into a Development and Economic Assistance Agreement (Agreement) with a developer to provide certain economic assistance to the developer in connection with the development of a seven story all-suites hotel (DoubleTree Hotel) on certain real property owned by developer and located in the City. The feasibility gap of the economic assistance is capped at $12,908 in total for a period over 15 years expiring in fiscal year 2021 payable semi-annually calculated from the Transient Occupancy Tax (TOT), ranging from 5% to 40% in accordance to the Adjustment table of the Agreement. During fiscal year 2020, the developer received $679 in economic assistance.

- In April 2006, the City entered into a Disposition and Development Agreement with a developer to construct and operate retail space (Garden-Walk) in Anaheim. Upon completion of the construction, the developer receives economic assistance equal to a portion of the sales tax that Garden-Walk generated for a period of 25 years expiring at the earlier of 1) December 2038 or 2) maximum amount of $15,600 in total which increases 8% annually starting on July 1, 2013. During fiscal year 2020, the developer received $236 in economic assistance.

In addition, the City entered into several economic assistance agreements to provide assistance to partially fill the feasibility gap of the four-diamond hotel developments within the City. Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality hotel, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance of the following projects:

- In May 2013, the City entered into two economic assistance agreements for up to 866 hotel rooms, of a four-diamond quality, in two phases at the Garden-Walk. These agreements provide for City assistance in an amount equal to 70% of the TOT for the development of a Convention Hotel (of not less than 466 rooms) and a Resort Hotel (of not less than 350 rooms). The City's economic assistance obligation ends on the earlier of twenty years from completion of construction or, provision of assistance up to a not to exceed amount of approximately $158 million.

- Further, in June 2015, the City established the Hotel Incentive Program to bring other four-diamond quality hotels to Anaheim. In accordance with the Hotel Incentive Program, the City entered into two additional economic assistance agreements in July 2016 with similar terms for 580 rooms at 1700 South Harbor with an estimated economic assistance from the City in an amount of $145 million, and 634 rooms at 1030 West Katella Avenue with an estimated economic assistance from the City in an amount of $148 million; thereby, creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016.

The following is a summary of economic assistance agreements:

Project	Expiration Date	Years Remaining	Tax Base for Calculation of Economic Assistance	% of Tax for Calculation of Economic Assistance	Maximum Economic Assistance Amount	Total Economic Assistance Paid in Fiscal Year 2020	Total Economic Assistance Paid to Date	Total Maximum Economic Assistance Remaining
DoubleTree Hotel	6/30/2021	1	TOT	5%-40%	$ 12,908	$ 679	$ 11,565	$ 1,343
GardenWalk Retail	12/31/2038	19	Sales	40%-50%	15,600	236	1,699	13,901
GardenWalk Hotel - 466+ Rooms	20 Years from Completion	20	TOT	70%	81,100			81,100
GardenWalk Resort Hotel - 350+ Rooms	20 Years from Completion	20	TOT	70%	76,900			76,900
1700 South Harbor - 580 Rooms	20 Years from Completion	20	TOT	70%	145,000			145,000
1030 West Katella Avenue - 634 Rooms	20 Years from Completion	20	TOT	70%	148,000			148,000

NOTE 6 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2020, were as follows:

	Beginning Balance	Additions	Tranfer In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	$ 653,769	$ 21,137		$ (747)	$ 674,159
Construction in progress	48,848	54,532	$ (34,409)	(13)	68,958
Total	702,617	75,669	(34,409)	(760)	743,117
Depreciable assets:					
Buildings, structures and improvements	398,971	8,406	6,591	(3,716)	410,252
Machinery and equipment	149,223	10,982	179	(16,075)	144,309
Infrastructure	897,787	74	27,639	(316)	925,184
Total	1,445,981	19,462	34,409	(20,107)	1,479,745
Total assets	2,148,598	95,131		(20,867)	2,222,862
Less accumulated depreciation for:					
Buildings, structures and improvements	(178,830)	(14,518)		3,419	(189,929)
Machinery and equipment	(103,520)	(8,291)		15,885	(95,926)
Infrastructure	(460,872)	(19,605)		311	(480,166)
Total accumulated depreciation	(743,222)	(42,414)		19,615	(766,021)
Total governmental activities capital assets, net	$ 1,405,376	$ 52,717	$	$ (1,252)	$ 1,456,841
Business-type activities:					
Nondepreciable assets:					
Land	$ 92,700				$ 92,700
Construction in progress	278,200	$ 85,717	$ (100,726)	$ (26)	263,165
Total	370,900	85,717	(100,726)	(26)	355,865
Depreciable assets:					
Buildings, structures and improvements	1,023,616	1,375	6,652	(172)	1,031,471
Utility plant	1,776,085	7,035	94,074	(7,947)	1,869,247
Machinery and equipment	51,048	1,397		(55)	52,390
Total	2,850,749	9,807	100,726	(8,174)	2,953,108
Total assets	3,221,649	95,524		(8,200)	3,308,973
Less accumulated depreciation for:					
Buildings, structures and improvements	(317,345)	(21,112)		148	(338,309)
Utility plant	(731,624)	(58,144)		7,947	(781,821)
Machinery and equipment	(23,780)	(4,163)		55	(27,888)
Total accumulated depreciation	(1,072,749)	(83,419)		8,150	(1,148,018)
Total business-type activities capital assets, net	$ 2,148,900	$ 12,105	$	$ (50)	$ 2,160,955

Depreciation expense was charged to functions/programs of the City during fiscal year 2020 as follows:

Governmental activities:		
General government	$	116
Police		2,192
Fire		1,527
Community and Economic Development		2,172
Planning		47
Public Works		20,475
Community Services		5,042
Convention, Sports and Entertainment		5,627
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		5,216
Total depreciation expense - governmental activities	$	42,414
Business-type activities:		
Electric Utility	$	45,670
Water Utility		12,474
Sanitation Utility		3,082
Golf Courses		554
Convention, Sports & Entertainment Venues		19,311
ARTIC Management		2,328
Total depreciation expense - business-type activities	$	83,419

Capitalized leases

Included in the capital assets amounts listed above are the following capitalized leased assets:

	Governmental Activities	Business-type Activities
Machinery and equipment	$ 4,318	$ 266
Less accumulated amortization	(2,001)	(51)
Capitalized leased assets, net	$ 2,317	$ 215

Operating leases

Housing Authority

At June 30, 2020, the Housing Authority earned revenues as the lessor of land, carried at cost of $76,920 in the government-wide financial statements, under thirteen operating ground leases. These leases to developers are noncancelable. Terms of the leases range from 55 years to 65 years with lease expiration dates from 2060 to 2080. The total base rent to be collected over the terms of the leases are $90,017 with simple interest accruing on unpaid portions at a rate ranging from 1% to 6%. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2020, the Housing Authority has recorded lease receivables due from developers related to these transactions of $7,794, net of allowances of $14,159 for uncollected accounts in the government-wide financial statements. In the governmental fund financial statements, this amount is included in the $50,303 notes receivable balance of the Housing Authority.

NOTE 7 – SELF INSURANCE:

The Insurance Fund (a function of the General Benefits and Insurance Fund), an internal service fund, is used to account for self-funded workers' compensation related benefits, self-funded general liability claims, commercial insurance purchases, and alternative risk financing vehicles. Revenues of the Insurance Fund are derived from cost-allocation charges to City departments using estimates of anticipated risk-transfer costs, new losses, payments on existing claims, and reserve development on known claims. In addition, the Insurance Fund receives interest income from reserves.

At June 30, 2020, the City was funded at an actuarially acceptable level for self-funded retention for workers' compensation and general liability claim exposures (with retention levels of $2,000 per occurrence for workers' compensation claims and $1,000 per occurrence for general liability claims). Above these retained levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

The unpaid claims liability included in the Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred-but- not-reported, known-claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 2.25% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain full actuarial studies annually for its retained levels for general liability and workers' compensation exposures. "Premiums" are charged by the Insurance Fund using allocation methods that include actual costs, trends in claims experience and applicable exposure bases.

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government-wide Statement of Net Position in fiscal years 2020 and 2019 were as follows:

	2020	2019
Claims liability at beginning of year	$ 53,247	$ 54,312
Current year claims and changes in estimates	19,223	11,149
Claims payments	(13,922)	(12,214)
Claims liability at end of year	$ 58,548	$ 53,247

Above the retained limit of $2,000 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (PRISM), to statutory limits.

Above the retained limit of $1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to $200,000 per occurrence, excluding helicopter operations for which the City purchases $50,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above $1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure from the run-out periods from prior years in the ACCEL retained layer of $4,000 in excess of $1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2020, ACCEL's cash and investments totaled $34,700, of which $1,708 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

ACCEL is responsible for deciding the risks it will underwrite, the monitoring, and handling of large claims, and arranging excess risk-financing programs. ACCEL does not have any debt outstanding. For a copy of ACCEL's separate financial statements, contact the Finance Director of the City.

NOTE 8 – SHORT-TERM BORROWING

On March 1, 2013, the Public Utility Department entered into a Revolving Credit Agreement (Agreement) with Wells Fargo Bank, National Association for a note amount not to exceed $100,000, of which $86,000 is made available for the Electric Utility and $14,000 for the Water Utility. The note has a three year term at variable interest rate based on the LIBOR Daily Index Rate and a spread. The annual commitment fee is 0.175% of the total note amount of $100,000.

On January 1, 2016, upon expiration of the Agreement, the Public Utility Department and Wells Fargo Bank National Association entered into a new revolving credit Agreement for the same term with a maturity date of January 28, 2021.

On March 19, 2020, the Utility Department drew $100 million from the line of credit to augment the Department's liquidity. The entire amount was repaid in full on May 5, 2020.

Line of credit liability at beginning of year	
Current year addition	$ 100,000
Current year repayment	(100,000)
Line of credit liability at end of year	$

NOTE 9 – LONG-TERM DEBTS:

The following is a summary of changes in long-term debts from direct borrowings and direct placements reported in the government-wide financial statements for the year ended June 30, 2020:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Dune Within One Year
Governmental activities:						
Bonds payable:						
City lease revenue	$ 319,639			$ (15,682)	$ 303,957	$ 14,469
Accretion	244,621	$ 19,842		(39,486)	224,977	16,876
Unamortized bond discount/premium, net	36,184			(3,113)	33,071	
Total	600,444	19,842		(58,281)	562,005	31,345
Notes and loans payable:						
City	21,611			(3,067)	18,544	2,940
Internal Service Funds	2,185			(1,048)	1,137	1,074
Total	23,796			(4,115)	19,681	4,014
Governmental activities total	624,240	19,842		(62,396)	581,686	35,359
Business-type activities:						
Bonds payable:						
Electric Utility	649,970	223,350	$ (173,880)	(25,005)	674,435	29,010
Water Utility	155,410	70,445	(30,495)	(3,640)	191,720	4,970
Sanitation	44,625			(1,170)	43,455	1,230
Convention, Sports & Entertainment Venues	218,921			(6,355)	212,566	2,400
Unamortized bond discount/premium, net	103,428	26,259		(31,066)	98,621	
Total	1,172,354	320,054	(204,375)	(67,236)	1,220,797	37,610
Notes and loans payable:						
Electric Utility	241			(30)	211	31
Sanitation Utility	157			(20)	137	20
Convention, Sports and Entertainment Venues	20			(2)	18	3
ARTIC Management	13,000			(3,500)	9,500	3,500
Total	13,418			(3,552)	9,866	3,554
Interest payable						
ARTIC Management	3,292	224			3,516	
Total	3,292	224			3,516	
Business-type activities total	1,189,064	320,278	(204,375)	(70,788)	1,234,179	41,164
Government-wide total	$ 1,813,304	$ 340,120	$ (204,375)	$ (133,184)	$ 1,815,865	$ 76,523

Bond ratings for the City's revenue bonds are as follows:

	Standard & Poor's	Fitch Ratings	Moody's
1997 Lease Revenue Bonds	AA	Unrated	A2
2014 Lease Revenue Bonds	AA-	AA	Unrated
2019 Senior Lease Revenue Bonds	A-	AA-	A1
Electric Revenue Bonds	AA-	AA-	Aa3
Water Revenue Bonds	AA+	AAA	Unrated
Sewer Revenue Bonds	AA+	Unrated	Unrated

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2020, bonds payable from direct placements consisted of the followings:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2020
1997 Anaheim Lease Revenue Bonds	02/01/1997	3/1/2037	4.5%-6.0%	$ 510,427	$ 114,528
Accretion					224,977
2014 Anaheim Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	27,954	21,754
2019 A Anaheim Senior Lease Revenue Refunding Bonds	04/30/2019	9/1/2036	5%	169,065	167,675
Total					528,934
Unamortized bond premium/discounts, net					33,071
Total governmental activities bonds				$ 707,446	$ 562,005

The bond indentures of the respective bond issue contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of maintaining fund reserve of maximum annual debt service or a Bond Debt Reserve Insurance Policy equal to the debt service reserve requirement.

Bonds Payable - City

Lease payment measurement revenues (LPMR)

In February 1997, the Anaheim Public Financing Authority sold $510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold $256,320 of lease revenue bonds to defease $248,335 of the 1997 lease revenue bonds. In April 2019, the Authority sold $175,565 of Senior Lease Revenue Refunding Bonds to defease the $209,065 outstanding balance of the 2007 A1 and A2 bonds. On January 13, 2020, the Authority transferred $58,600 from the LPMR Special Reserve Fund to the escrow bank to defease a portion of the outstanding lease revenue Capital Appreciation Bonds 1997 series C with the maturity value at defeasance of $84,270 maturing on September 1, 2035, September 1, 2036 and March 1, 2037.

The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and 2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2020, $61,089 was remitted to the trustee. This amount includes $3,725 in excess remittance due to the total LPMR collected being lower than the base resulting from the Anaheim Resort closure during the last three months of the fiscal year.

Debt service requirements to maturity for the 1997 Anaheim Lease Revenue Bonds and the 2019 Anaheim Lease Revenue Refunding Bonds to be paid by the Anaheim Resort Improvements Debt Service Fund from future LPMR are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 14,469	$ 27,271	$ 41,740
2022	15,027	27,948	42,975
2023	15,693	28,356	44,049
2024	16,361	29,161	45,522
2025	17,089	29,759	46,848
2026-2030	86,694	159,266	245,960
2031-2035	63,555	183,665	247,220
2036-2037	53,315	20,388	73,703
Total	282,203	505,814	788,017
Unamortized bond premiums	31,735		31,735
Total bonds	$ 313,938	$ 505,814	$ 819,752

Included in interest is $224,977 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

Debt service requirements to maturity for the City's lease revenue bonds to be paid from unrestricted revenues of the Municipal Facilities Debt Service Fund are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021		$ 1,088	$ 1,088
2022	$ 40	1,088	1,128
2023	488	1,086	1,574
2024	512	1,061	1,573
2025	538	1,036	1,574
2026-2030	3,121	4,747	7,868
2031-2035	3,983	3,885	7,868
2036-2040	5,084	2,784	7,868
2041-2045	6,489	1,380	7,869
2046	1,499	75	1,574
Total	21,754	18,230	39,984
Unamortized bond premium	1,336		1,336
Total Bonds	$ 23,090	$ 18,230	$ 41,320

NOTES AND LOANS PAYABLE

Notes and loan payable from direct borrowing contain provision that in the event of default, the entire outstanding principal amount are due and payable. Additionally, the City had pledged certain real properties and park land as securities interest for the HUD Section 108 guaranteed loans. At June 30, 2020, notes and loans payable are as follows:

Notes and Loans Payable – City

HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available $10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from the receipts of the Successor Agency receivable. The outstanding balance at June 30, 2020 was $3,453. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 841	$ 177	$ 1,018
2022	907	127	1,034
2023	975	72	1,047
2024	730	22	752
Total notes and loans	$ 3,453	$ 398	$ 3,851

In March 2010, the City entered into an agreement with HUD, making available $15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2020, was $8,840. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 730	$ 348	$ 1,078
2022	755	321	1,076
2023	780	292	1,072
2024	805	262	1,067
2025	835	229	1,064
2026-2030	4,675	581	5,256
2031	260	6	266
Total notes and loans	$ 8,840	$ 2,039	$ 10,879

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled $1,799 and bears interest at 5.391% per annum for a term of 12 years. On January 29, 2009, Government Capital Corporation assigned this agreement to Bank of America which subsequently assigned it to Western Alliance Equipment Finance on March 21, 2012. Principal and interest payments of $206 are due annually beginning on December 16, 2009, until December 16, 2020. The outstanding balance at June 30, 2020 was $196. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 196	$ 10	$ 206

800 Megahertz Communication Equipment

On November 30, 2015, the City entered into a Master Equipment Lease/Purchase Agreement (Agreement) with Banc of America Public Capital Corp., to finance the acquisitions and replacement of the City portion of the 800 Megahertz (MHz) Countywide Coordinated Communications System (CCCS). The CCCS project includes a plan for replacement of three main components: Backbone Equipment, Subscriber Equipment, and Dispatch Consoles.

On November 30, 2015, the Agreement provided $1,100 financing for acquisition of a portion of the mobile radio equipment payable over 10 years and bears interest of 1.98% per annum, Principal and interest payments of $61 are due semi-annually beginning on May 30, 2016, until November 30, 2025. The outstanding balance at June 30, 2020 was $632.

On November 30, 2016, the Agreement provided $6,840 financing for acquisition of the remaining radio equipment payable over 10 years and bears interest of 1.87% per annum. Principal and interest of $377 are due semi-annually beginning on May 30, 2017, until November 30, 2026. Amount of this financing allocated to the governmental activities totaled $6,235. The outstanding balance at June 30, 2020 was $4,222.

Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 727	$ 88	$ 815
2022	740	75	815
2023	754	61	815
2024	769	46	815
2025	783	32	815
2026-2027	1,081	20	1,101
Total notes and loans	$ 4,854	$ 322	$ 5,176

ACCELA Enterprise permit tracking and land management software system loan payable

On September 13, 2016, the City entered into a Technology Lease- Purchase Agreement with Government Capital Corporation to provide $5,190 financing for the procurement of the Accela, Inc. software, programming, maintenance, support, licenses and project implementation services for the replacement of the Citywide enterprise permit tracking and land management system. The loan bears interest at 2.48% per annum for a term of 5 years. Principal and interest payments of $1,090 are due annually beginning on September 22, 2016, until September 22, 2020. The outstanding balance at June 30, 2020 was $1,063. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 1,063	$ 26	$ 1,089

Community Learning Center property acquisition loan payable

On September 1, 2017, the City entered into an Agreement with Los Altos V. LP (Seller) for the purchase and sale of the former Northgate Market site located at 718-744 N. Anaheim Boulevard for the development of a Community Learning Center. The purchase price of the property is $4,750 of which $2,500 was paid in cash from resources of the Community Development Block Grant with the balance of $2,250 will be payable to Seller over five years at an annual interest rate of 5%. Principal and interest of $43 are due on the first of each month commencing on March 1, 2018 until February 1, 2023. The annual loan payment will be funded from the restricted resources of the Community Development Block Grant yearly entitlement. The outstanding balance of the loan at June 30, 2020 was $1,275. Total debt service to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 457	$ 59	$ 516
2022	483	33	516
2023	335	7	342
Total notes and loans	$ 1,275	$ 99	$ 1,374

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

At June 30, 2020, bonds payable from direct placements consisted of the following:

	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2020
Electric Utility					
2011 Revenue Bonds	5/11/2011	10/1/2036	3.0%-5.375%	$ 90,390	$ 3,375
2012 Revenue Bonds	9/19/2012	10/1/2031	3.125%-5%	92,130	62,990
2014 Revenue Bonds	10/8/2014	10/1/2035	2.0%-5.0%	109,350	68,125
2015B Revenue Bonds	7/21/2015	10/1/2035	3.0%-5.0%	92,865	73,350
2016A Revenue Bonds	10/19/2016	10/1/2041	3.0%-5.0%	219,285	1,630
2016B Revenue Bonds	10/19/2016	10/1/2028	0.80%-2.71%	69,780	4,330
2017A Revenue Refunding Bonds	12/21/2017	10/1/2028	1.57%-2.21%	42,955	42,955
2017B Revenue Refunding Bonds	12/21/2017	10/1/2036	1.14%-2.50%	194,790	194,330
2020A Revenue Bonds	3/4/2020	10/1/2050	5%	59,215	59,215
2020B Revenue Refunding Bonds	3/4/2020	10/1/2034	1.597%-2.992%	121,795	121,795
2020C Revenue Refunding Bonds	3/4/2020	10/1/2045	5%	42,340	42,340
Total					674,435
Unamortized bond premiums/discounts, net					61,734
Total Electric Utility					736,169
Water Utility					
2010 Revenue Bonds	10/28/2010	10/1/2040	2.0%-4.75%	34,525	31,290
2015 Revenue Bonds	4/21/2015	10/1/2045	2.0%-5.0%	95,885	88,195
2016-A Revenue Bonds	10/19/2016	10/1/2046	2.0%-5.0%	35,225	1,790
2020A Revenue Bonds	3/4/2020	10/1/2049	5%	38,000	38,000
2020B Revenue Refunding Bonds	3/4/2020	10/1/2038	1.567%-3.033%	32,445	32,445
Total					191,720
Unamortized bond premiums/discounts, net					16,394
Total Water Utility					208,114
Sanitation Utility					
2018 Revenue Bonds	1/25/2018	2/1/2048	5%	45,705	43,455
Unamortized bond premium					7,550
Total Sanitation Utility					51,005
Convention, Sports and Entertainment Venues					
2014 Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	230,971	212,566
Total					212,566
Unamortized bond premiums/discounts, net					12,943
Total Convention, Sports and Entertainment Venues					225,509
Total business-type activities bonds				$ 1,647,651	$ 1,220,797

[1] The interest is calculated weekly based on SIFMA index rate and a base SIFMA spread of 0.35%. On December 1, 2020, these bonds are subject to mandatory tender for purchase.

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of $975,158 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2051. At June 30, 2020, the annual principal and interest payments on the bonds, were 58.71% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were $51,150 and $87,122 respectively.

The bond indentures of the respective Electric Revenue Bonds contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of a fund reserve for the maximum annual debt service; 3) requirement of a fund reserve for renewals and replacements in an amount equal to a maximum of 2% of depreciated book value of the Electric Utility plant in service; and 4) requirement of a minimum debt service coverage ratio of 1.25.

Bond debt service requirements to maturity for the Electric Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 29,010	$ 29,755	$ 58,765
2022	33,065	27,775	60,840
2023	34,345	26,209	60,554
2024	35,955	24,580	60,535
2025	37,620	22,869	60,489
2026-2030	194,985	88,544	283,529
2031-2035	194,955	47,469	242,424
2036-2040	55,085	19,636	74,721
2041-2045	34,720	10,655	45,375
2046-2050	20,975	3,138	24,113
2051	3,720	93	3,813
Total	674,435	300,723	975,158
Unamortized bond premiums/discounts, net	61,734		61,734
Total bonds	$ 736,169	$ 300,723	$ 1,036,892

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of $313,262 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2047. At June 30, 2020, the annual principal and interest payments on the bonds were 57.1% of net revenues. Principal and interest paid for current fiscal year and total net revenues were $10,882 and $19,070 respectively.

The bond indentures of the respective Water Revenue Bonds contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of a fund reserve for renewals and replacements in an amount equal to a maximum of 2% of depreciated book value of the Water Utility plant in service; and 3) requirement of a minimum debt service coverage ratio of 1.0.

Bond debt service requirements to maturity for the Water Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 4,970	$ 8,512	$ 13,482
2022	5,375	8,101	13,476
2023	5,585	7,882	13,467
2024	5,790	7,669	13,459
2025	6,000	7,444	13,444
2026-2030	33,880	33,104	66,984
2031-2035	41,395	25,122	66,517
2036-2040	48,365	15,789	64,154
2041-2045	26,590	6,431	33,021
2046-2050	13,770	1,488	15,258
Total	191,720	121,542	313,262
Unamortized bond premiums/discount, net	16,394		16,394
Total bonds	$ 208,114	$ 121,542	$ 329,656

Bonds Payable – Sanitation Utility

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of $72,089 outstanding revenue bonds issued in January 2018. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2048. At June 30, 2020, total principal and interest payments on the bonds were less than 37.66% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were $3,401 and $9,032 respectively.

The bond indenture contains a provision that in the event of default, the entire outstanding principal shall become due and payable.

Bond debt service requirements to maturity for the Sanitation Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 1,230	$ 2,173	$ 3,403
2022	1,295	2,111	3,406
2023	1,355	2,047	3,402
2024	1,430	1,979	3,409
2025	1,495	1,907	3,402
2026-2030	8,680	8,337	17,017
2031-2035	11,085	5,938	17,023
2036-2040	11,560	2,876	14,436
2041-2045	3,085	1,038	4,123
2046-2048	2,240	228	2,468
Total	43,455	28,634	72,089
Unamortized bond premium	7,550		7,550
Total bonds	$ 51,005	$ 28,634	$ 79,639

Bonds Payable – Convention, Sports and Entertainment Venues

The bond indenture contains a provision in the event of default, the entire outstanding principal shall become due and payable, and the requirement of maintaining a fund reserve equal to the maximum of annual debt service. Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 2,400	$ 10,628	$ 13,028
2022	3,890	10,508	14,398
2023	4,637	10,314	14,951
2024	4,868	10,082	14,950
2025	5,112	9,839	14,951
2026-2030	29,649	45,095	74,744
2031-2035	37,837	36,903	74,740
2036-2040	48,296	26,449	74,745
2041-2045	61,641	13,106	74,747
2046	14,236	712	14,948
Total	212,566	173,636	386,202
Unamortized bond premium/discounts, net	12,943		12,943
Total bonds	$ 225,509	$ 173,636	$ 399,145

NOTES AND LOANS PAYABLE

Note Payable – ARTIC Management

Anaheim Regional Transportation Intermodal Center (ARTIC) Land Acquisition Loan payable

In July 2012, the City entered into an agreement with the Orange County Transportation Authority (OCTA) for the Purchase and Sale of a 13.58 acres real property located at 1750 South Douglass Road in Anaheim. The purchase price for the site is $32,500. The City paid $1,000 at the close of escrow and the remaining $31,500 will be payable to OCTA over 13 years and bears 2% simple interest per annum. Annual principal payments are due on or before July 10th each year commencing 2012. The payment of accrued interest is deferred until equal payments of $1,883 are due and payable on or before July 10, 2024 and July 10, 2025. The loan is payable with the Anaheim Tourism Improvement Special District (ATID) special assessments and Measure M2 Local Fair Share funds. OCTA will retain payments from Anaheim's "Local Fair Share" funds allocated by OCTA under Measure M2 each year until the final payment is made on July 10, 2025. At June 30, 2020, accrued interest payable for the ARTIC loan was $3,516. The City may elect to provide alternative funding from other City funds for transportation related purposes. At June 30, 2020, the outstanding balance of the ARTIC loan was $9,500. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 3,500		$ 3,500
2022	4,000		4,000
2023	2,000		2,000
2024		$ 1,883	1,883
2025		1,883	1,883
Total notes and loans	$ 9,500	$ 3,766	$ 13,266

800 Megahertz Communication Equipment loan payable

Portion of the 800 Megahertz Communication Equipment financing were allocated to The Electric Utility, the Sanitation Utility and the Convention, Sports & Entertainment Venues. Loan debt service requirements to maturity are as follows:

Electric Utility

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 31	$ 4	$ 35
2022	31	4	35
2023	32	3	35
2024	33	2	35
2025-2026	33	2	35
2025-2027	51	1	52
Total notes and loans	$ 211	$ 16	$ 227

Sanitation Utility

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 20	$ 3	$ 23
2022	20	3	23
2023	21	2	23
2024	21	2	23
2025-2026	22	1	23
2025-2027	33	1	34
Total notes and loans	$ 137	$ 12	$ 149

Convention, Sports and Entertainment Venues

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 3		$ 3
2022	3		3
2023	3		3
2024	2		2
2025-2026	3		3
2025-2027	4		4
Total notes and loans	$ 18	$ -	$ 18

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2020, there was no arbitrage rebate liability for both governmental and business-type activities.

LEGAL DEBT MARGIN

The City of Anaheim has a general obligation debt limit that cannot exceed 3.75% of the total assessed valuation of all real and personal property within the City. Based on fiscal year 2019-2020 gross assessed valuation for taxation purposes of $48,851,453, the City has a debt limit of $1,831,929 or 3.75%. Currently the City does not have any outstanding bonded indebtedness in the form of general obligation bonds. Since the outstanding bond principal is zero, the City has a net debt margin of $1,831,929.

COMPLIANCE WITH DEBT COVENANTS

There are various limitations and restrictions contained in the City's bonds indentures. The City believes they are in compliance with all significant limitations and restrictions.

DEBT ISSUANCES

City - Debt Issuances

Electric Utility - Debt Issuances

On March 4, 2020, the Electric Utility issued Anaheim Housing and Public Improvements Authority (AHPIA), Revenue Bonds 2020 Series A, B and C as follows:

- 2020-A Revenue Bonds in the principal amount of $59,215, at a premium of $11,071 totaled $70,286 provides financing for the construction of improvement to the Electric System Project and cost of issuance of $282. Interest rate for the 2020-A bonds is 5%.
- 2020-B Revenue Refunding Bonds in the principal amount of $121,795 partially refunded the outstanding principal balance of the AHPIA 2016-A Revenue Refunding Bonds. Interest rates for the 2020-B bonds range from 1.597% to 2.992%. The 2020-B bond proceeds together with the 2016-A bond reserve funds of $9,414 and accrued interest of $2,581 from the Electric Utility, totaled $133,790 were deposited with refunding bond escrow agent to defease the 2016-A $123,880 outstanding principal, paid accrued interest of $2,581 and $532 cost of issuance. The refunded bonds reduced total debt service over the life of the refunded bonds by $57,615 at a net present value savings of $22,347.
- 2020-C Revenue Refunding Bonds in the principal amount of $42,340, at a premium of $7,866, and with an interest rate of 5%, refunded the CMFA 2015-A outstanding principal balance of $50,000. The bond proceeds together with accrued interest of $1,243 from the Electric Utility were deposited with the refunding bond escrow agent to defease the 2015-A outstanding bonds, paid the accrued interest of $1,243 and $202 of cost of issuance.

Water Utility - Debt Issuance

On March 4, 2020, the Water Utility issued Anaheim Housing and Public Improvement Authority (AHPIA) Revenue Bonds 2020 Series A and B as follows:

- 2020-A Revenue Bonds in the principal amount of $38,000, at a premium of $7,322 totaled $45,322 provides financing for the construction of improvements to the Water System Project and cost of issuance of $322. Interest rate for the 2020-A bonds is 5%.
- 2020-B Refunding Bonds in the principal amount of $32,445 partially refunded the outstanding principal balance of the AHPIA 2016-A Revenue Bonds. Interest rates for the 2020-B bonds range from 1.567% to 3.033%. The bond proceeds, together with the $635 from the Water Utility for accrued interest totaled $33,080 were deposited with the refunding bond escrow agent to defease the 2016-A outstanding principal of $30,495, paid the accrued interest of $635 and $244 cost of issuance. The refunded bonds reduced total debt service over the life of the refunded bonds by $13,721 at a net present value savings of $7,529.

DEBT RETIREMENTS

Debt Defeased

The City defeased the following bonds prior to June 30, 2020:

	Outstanding 6/30/2020
City	
1997-C APFA Capital Appreciation Bonds	$ 84,270
Electric Utility	
2011-A Electric Revenue Bonds	78,110
2012-A Electric Revenue Bonds	29,140
2016-A Electric Revenue Bonds	91,610
2016-A Electric Revenue Bonds	123,880
Water Utility	
2016-A Water Revenue Bonds	30,495
	$ 437,505

In the refunding, the proceeds of the refunding issue were placed in irrevocable escrow accounts and invested in government securities that, together with interest earnings thereon, will provide amounts sufficient for future payments of interest and principal on the issues refunded. Refunded debt is not included in the City's accompanying basic financial statements as the City has satisfied its obligation through the in-substance defeasance of these issues.

CONDUIT FINANCINGS

City

The City has entered into a conduit financings to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2020, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2020
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	$ 42,600	$ 13,000

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2020, were as follows:

	Date Issued	Final Maturity	Amount Issued	Oustanding 6/30/2020
Heritage Village Apartments	11/12/1992	7/15/2033	$ 8,485	$ 5,485
Sage Park Project	11/1/1998	11/1/2028	5,500	5,500
Solara Court Apartments	11/28/2004	12/1/1934	8,200	4,476
Bel Age Manor Apartments	2/1/2008	2/1/1944	22,350	8,517
Pradera Apartments (Lincoln Anaheim) Phase B	5/15/2009	4/15/1939	23,217	6,762
Anton Monaco Apartments	12/14/2012	1/1/2046	35,460	32,930
Crossings at Cherry Orchard Apartments Tranche A	8/23/2012	12/1/2044	9,365	1,020
Crossings at Cherry Orchard Apartments Tranche B	8/23/2012	12/1/2029	2,985	2,130
Paseo Village Apartments	2/28/2013	9/1/2045	19,750	12,082
Village Center Apartments	8/7/2014	3/1/2047	15,000	14,860
Pebble Cove Apartments Series A	8/19/2015	9/1/2031	13,000	12,293
Pebble Cove Apartments Taxable Subordinate Series 2015A	8/19/2015	8/1/2055	3,550	3,550
Hermosa Village Apartments Phase 1 Series A-1/A-2	12/28/2016	7/1/2049	41,028	26,134
Miracle Terrace Apartments Series B-1	1/10/2017	2/1/2050	26,555	26,409
Cobblestone Apartments Series A-1	3/14/2017	10/1/2054	6,185	6,101
Sea Wind Apartments Series B-1	3/14/2017	10/1/2054	11,015	10,765
Jamboree AageunPSH Apartments Series A	4/30/2020	5/1/2038	12,200	2,667
Total			$ 263,845	$ 181,681

FIDUCIARY FUNDS

Successor Agency

The following is a summary of changes in long-term debts from direct borrowings and direct placements for the year ended June 30, 2020:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Bonds payable	$ 149,230		$ (7,595)	$ 141,635	$ 8,015
premium/(discount), net	19,258		(2,605)	16,653	
Due to City of Anaheim	8,582		(1,131)	7,451	1,190
	$ 177,070		$ (11,331)	$ 165,739	$ 9,205

Bonds Payable

2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of $55,970, principal and interest, for the outstanding 2007 tax allocation bonds issued in December 2007 from the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate–income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds bear interest at rates ranging from 4.25% to 6.50% and are payable through February 2031. During the fiscal year ended June 30, 2020, total principal and interest paid was $5,635.

In January 2018, series A and C of the 2007 Tax Allocation Bonds were refunded through the issuance of the 2018 Tax Allocation Refunding Bonds.

Debt service requirements to maturity for 2007 Tax Allocation bonds, series B and D are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 3,130	$ 2,509	$ 5,639
2022	3,330	2,306	5,636
2023	1,780	2,089	3,869
2024	1,875	1,973	3,848
2025	1,990	1,851	3,841
2026-2030	20,965	6,314	27,279
2031	5,500	358	5,858
Total bonds	$ 38,570	$ 17,400	$ 55,970

2018 Tax Allocation Refunding Bonds

On January 25, 2018, the Successor Agency issued Tax Allocation Refunding Bonds, 2018 Series A and B. The bond proceeds together with the 2007 series A and C bond reserve funds were used to refund the 2007 Tax Allocation Bonds series A and C, and the 2010 Recovery Economic Zone Development Bonds. The Successor Agency will repay a total of $138,967, principal and interest, from the semi-annual RPTTF revenue allocations. The refunding bonds bear interest at rates ranging from 2.27% to 2.50% and are payable through February 2031.

Debt service requirements to maturity for the 2018 Tax Allocation Refunding bonds are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 4,885	$ 5,153	$ 10,038
2022	5,130	4,909	10,039
2023	7,155	4,653	11,808
2024	7,530	4,295	11,825
2025	7,915	3,918	11,833
2026-2030	56,965	12,300	69,265
2031	13,485	674	14,159
Total bonds	103,065	35,902	138,967
Unamortized bond premium/ discounts, net	16,653		16,653
Total bonds	$ 119,718	$ 35,902	$ 155,620

Due to the City of Anaheim

The Successor Agency will repay a total of $3,851 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the $10,000 Cooperation Agreement dated April 1, 2003, between the former Redevelopment Agency and the City, whereby the City assisted the former Agency with the development of the Anaheim Westgate Center (Westgate project) utilizing $10,000 of funds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD Section 108 loan) bears interest ranging from 1.74% to 5.97% and is payable semi- annually through August 2023. At June 30, 2020, outstanding principal due to the City for the Westgate project obligation was $3,453. Principal and interest paid for the current fiscal year were $1,008.

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 841	$ 177	$ 1,018
2022	907	127	1,034
2023	975	72	1,047
2024	730	22	752
Total notes and loans	$ 3,453	$ 398	$ 3,851

The Successor Agency will repay a total of $4,927 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the $7,000 Cooperation Agreement dated June 2010 between the former Redevelopment Agency and the City, whereby the City assisted the former Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing proceeds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD 108 Section loan) bears interest ranging from 1.68% to 3.98% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. As of June 2020, the outstanding principal due to the City for the Packing

House site project obligation was $3,998. Principal and interest paid for the current fiscal year were $515.

Fiscal Year Ending 6/30	Principal	Interest	Total
2021	$ 349	$ 157	$ 506
2022	354	144	498
2023	359	131	490
2024	364	117	481
2025	369	102	471
2026-2030	1,943	272	2,215
2031	260	6	266
Total notes and loans	$ 3,998	$ 929	$ 4,927

Mello-Roos Community Facilities Districts

The City issued special tax bonds to finance construction in various Community Facilities Districts (CFD). These bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements.

At June 30, 2020, the City has the following outstanding Mello-Roos special tax bonds:

	Outstanding 6/30/2020
CFD 06-02	$ 6,680
CFD 08-01	58,850
	$ 65,530

In February 2007, the City issued $9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 06-2. Stadium Loft. On August 10, 2016, the outstanding balance of $7,680 of the 2007 special tax bonds were refunded by Special Tax Refunding Bonds, Series 2016, CFD 06-02, in the principal amount of $7,540 and at a premium of $91. The City reduced the CFD 06-2 total debt service payments over the life of the refunded bonds by $1,989 with a present value savings of $1,352. The true interest cost is 2.89% payable semi-annually commencing from March 1, 2017 through September 1, 2037. Balance of total debt service is $8,637 to maturity.

In August 2010, the City issued $28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 08-1 and to fund a reserve fund for the Series 2010 Bonds. On August 10, 2016 the City issued Special Tax Bonds, Series 2016, CFD 08-1 in the principal amount of $60,000 and at a premium of $5,923. The bonds are being used to provide financing for acquisition and construction of certain public facilities necessary for the continued development of the District, and to refund $22,730 outstanding principal of the CFD 08-1, Special Tax Bonds, Series 2010. The City reduced the CFD 08-1 total debt service payments over the life of the refunded bonds by $13,325 with a present value savings of $8,649. The true interest cost is 3.38% payable semiannually commencing from March 1, 2017 through September 1, 2037. Balance of total debt service is $100,779 to maturity.

NOTE 10 - OTHER LONG-TERM LIABILITIES:

The following is a summary of other long-term liabilities reported in the government-wide financial statements for the year ened June 30, 2020:

	Beginning Balance	Additions	Reductions/ Payments	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease payable	$ 1,988	$ 1,705	$ (1,396)	$ 2,297	$ 1,201
Claims liabilities (note 7)	53,247	19,223	(13,922)	58,548	14,190
Compensated absences (note 1)	21,822	25,741	(23,315)	24,248	17,219
Due to other governments	22,580			22,580	
Other Postemployment Benefits (OPEB) (note 13)					
Governmental Funds	127,910	15,467	(32,249)	111,128	
Internal Service Funds	10,267	1,437	(2,587)	9,117	
Total	138,177	16,904	(34,836)	120,245	
Pension (note 12):					
Governmental Funds	564,448	173,486	(152,603)	585,331	
Internal Service Funds	30,952	9,350	(8,517)	31,785	
Total	595,400	182,836	(161,120)	617,116	
Governmental activities total	833,214	246,409	(234,589)	845,034	32,610
Business-type activities:					
Capital lease payable - Golf Courses		248	(50)	198	61
San Juan reclamation obligation	6,377	300	(286)	6,391	
Provision for decommissioning liability (note 1)	86,409	6,030	(5,204)	87,235	
Other Postemployment Benefits (OPEB) (note 13)					
Electric Utility	23,376	3,870	(6,022)	21,224	
Water Utility	8,889	1,067	(2,289)	7,667	
Sanitation Utility	6,117	712	(1,711)	5,118	
Golf Courses	401	38	(164)	275	
Convention, Sports and Entertainment Venues	7,891	1,067	(1,980)	6,978	
Total	46,674	6,754	(12,166)	41,262	
Pension (note 12)					
Electric Utility	87,747	27,803	(21,228)	94,322	
Water Utility	28,553	8,684	(7,779)	29,458	
Sanitation Utility	16,253	3,421	(4,158)	15,516	
Golf Courses	1,193	305	(466)	1,032	
Convention, Sports and Entertainment Venues	31,880	9,686	(8,707)	32,859	
Total	165,626	49,899	(42,338)	173,187	
Business-type activities total	305,086	63,231	(60,044)	308,273	61
Government-wide total	$ 1,138,300	$ 309,640	$ (294,633)	$ 1,153,307	$ 32,671

Governmental activities

Due to other governments

The California Department of Finance (DOF) approved the Successor Agency's Long Range Property Management Plan (LRPMP) on December 31, 2015; the LRPMP authorized the transfer of all of the properties formerly held by the Successor Agency to the City for either governmental use or future development. The California Redevelopment Agency Dissolution Law (ABx1 26, AB 1484, AB 471 and SB 107, as the same may be amended from time to time) addresses the distribution of land sale proceeds from the sale of those properties and suggests that such distribution be memorialized in agreements (Compensation Agreements) among the entities that receive the former redevelopment agency's property tax increment. To date, no Compensation Agreements have been executed, but such distribution may involve the transfer of $0 up to the estimated net total liability at June 30, 2020 of $22,580 to those taxing entities.

Capital lease obligation

The City has a long-term noncancellable agreement with HP Financial Services to finance the acquisition of the City's server, desktop, and portable computer equipment. The agreement qualifies as a capital lease for accounting purposes as defined under the Financial Accounting Standards Board (FASB) Statement No. 13, Accounting for Leases, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the Information and Communication Services internal service fund under the capital lease are as follows:

Fiscal Year Ending 6/30		
2021	$	1,201
2022		744
2023		343
2024		9
Total	$	2,297

Business-type activities

Other liability - San Juan reclamation obligation

The Electric Utility is providing for the future reclamation costs allocation based on its former ownership share of Unit 4 of 10.04% of the San Juan Generation Station. The Electric Utility has $6,391 in an irrevocable trust as of June 30, 2020 for reclamation costs. During fiscal year 2020, the Utility contributed $300 to the trust and paid $286 related to San Juan reclamation obligation.

Capital lease

The City has a long-term noncancellation agreement with DDL Finance, LLC to provide financing for the lease of Golf carts at Dad Millers Golf Course. The agreement qualifies as capital lease for accounting purposes under FASB No. 13, Accounting for Leases. The net present value of future minium lease payments at the date of inception of the lease was recorded at the Golf Courses Enterprise Fund. Future minium lease payments to be made from unrestricted revenues of the Golf Courses Enteprise Fund under the capital lease are as follows:

Fiscal Year Ending 6/30		
2021	$	61
2022		62
2023		64
2024		11
Total	$	198

SUCCESSOR AGENCY

Other long-term liabilities

The Successor Agency has the following other long-term liabilities at June 30, 2020:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Notes and loans payable	$ 4,971		$ (571)	$ 4,400	$ 1,693
Due to City of Anaheim	884		(884)		
Pollution remediation liability	17,139		(478)	16,661	475
	$ 22,994		$ (1,933)	$ 21,061	$ 2,168

Savi Ranch Associates note payable

In July 1989, the former Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled $2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient RPTTF revenue to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Successor Agency. For the fiscal year ended June 30, 2020, total interest paid was $406.

Contractual obligations

In December 1992, the former Redevelopment Agency has entered into an agreement with California State Teachers Retirement System (CALSTRS), to share in the development costs of the Plaza Redevelopment Project. In March 2004, CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate, and has a maximum term of 25 years. The Successor Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2020, the outstanding balance of the participation note was $1,693.

Westgate Pollution Remediation Obligation

In June 2003, the former Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County paid the Redevelopment Agency $5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work amounted to $12,420 based on actual contract received for the project. During the year ended June 30, 2015, management identified potential additional pollution remediation costs including ongoing maintenance responsibilities required for the Westgate project amounting to $18,576. At June 30, 2020, the pollution remediation liability is estimated to be $16,661

NOTE 11 – SEGMENT INFORMATION:

The Sanitation Utility Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Utility Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

Condensed Statement of Net Position

Assets	
Cash & cash equivalents	$ 6,560
Investments	27,089
Other current assets	2,196
Restricted cash & cash equivalents	5,270
Restricted investments	20,839
Capital Assets, net	112,877
Total assets	174,831
Deferred outflows of resources	1,082
Liabilities	
Current liabilities	617
Long-term debt due within one year	738
Current liabilities payable from restricted assets	1,100
Long-term debt due within one year payable from restricted assets	513
Long-term debt less current portion	49,891
Other long-term liabilities	8,975
Total liabilities	61,834
Deferred inflows of resources	1,461
Net Position	
Net investment in capital assets	71,289
Restricted for debt services	513
Restricted for capital projects	14,183
Unrestricted	26,633
Total net position	$ 112,618

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

Waste water fees (pledged against bonds)	$ 14,543
Other revenues	1,763
Depreciation and amortization	(2,508)
Other operating expenses	(8,012)
Total operating Income	5,786
Nonoperating income(expenses)	
Intergovernmental revenues	19
Interest income	2,501
Interest expense	(1,563)
Loss on disposal of capital assets	(29)
Transfer out	(628)
Total nonoperating expenses	300
Change in net position	6,086
Net position at beginning of year	106,532
Net position at end of year	$ 112,618

Condensed Statement of Cash Flows

Net cash provided (used for) by:	
Operating activities	$ 7,936
Noncapital financing activities	(609)
Capital and related financing activities	(6,323)
Investing activities	2,043
Net decrease	3,047
Beginning cash and cash equivalents	8,783
Ending cash and cash equivalents	$ 11,830
Reconciliation of cash & cash equivalent	
Cash & cash equivalent	$ 6,560
Restricted cash & cash equivalent	5,270
Total cash & cash equivalent	$ 11,830

NOTE 12 - PENSIONS:

General information about the Pension Plans

Plan Description

The City provides pension benefits to eligible full-time employees in three separate pension plans: Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website @ www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-65
Monthly benefits, as a% of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	11.679%	11.679%

	Police Safety	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	23.199%	23.199%

	Fire Safety	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	11.50%
Required employer contribution rates	19.071%	19.071%

Employees Covered

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	2,191	579	317
Inactive employees entitled to but not yet receiving benefits	1,619	87	67
Active employees	1,772	413	204
Total	5,582	1,079	588

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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The total required minimum employer contribution is the sum of the Employer Normal Cost Rate (Employer Rate, expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution amount (in dollar). The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2020. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

				Employer Rate		Total Rate			
Employee Group	CalPERS Membership[1]	Retirement Formula	Employee Rate	Employee[2]	City	Employee	City	Total Rate	FY 2020 UAL Contribution[3]
Miscellaneous Employees									
Management; confidential	Classic	2.7% @ 55	8.000%	4.000%	7.679%	12.000%	7.679%	19.679%	
Anaheim Municipal Employees Association (AMEA) General	New	2% @ 62	6.750%	0.000%	11.679%	6.750%	11.679%	18.429%	$ 31,537
Anaheim Municpal Employees Association (AMEA) Clerical									
International Brotherhood of Electrical Workers (IBEW)									
Anaheim Police Association Trainees									
Safety Employees									
Fire Management	Classic	3% @ 50	9.000%	3.000%	16.071%	12.000%	16.071%	28.071%	
Anaheim Fire Association (AFA)	Classic	2% @ 50	9.000%	3.000%	16.071%	12.000%	16.071%	28.071%	
	New	2.7% @ 57	11.500%	0.000%	19.071%	11.500%	19.071%	30.571%	$ 8,071
Police Management	Classic	3% @ 50	9.000%	3.000%	20.199%	12.000%	20.199%	32.199%	
Anaheim Police Management Association (APMA)	New	2.7% @ 57	12.750%	0.000%	23.199%	12.750%	23.199%	35.949%	$ 14,089
Anaheim Police Association (APA)									

[1] Definition of a 'New' PERS member
A new hire who is brought in CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system.
A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.
A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CALPERS employer after a break in service of greater than six months.

[2] PERS Cost Share is the employee contribution towards the employer's Normal Cost (NC) Rate. Normal cost is the annual cost of service accrual for the upcoming fiscal year for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process.

[3] The Unfunded Accrued Liability (UAL) is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date.Effictive in fiscal year 2018, CalPERS began collecting employer contributions toward the plan's UAL as a dollar amount instead of the prior method of a contribution rate.

The pension plans (pensions) are recognized in the government-wide financial statements and proprietary funds financial statements on an accrual basis of accounting, while the contributions to the pension plan are recognized as expenditures on modified accrual basis of accounting on the governmental fund statements.

The net pension liability in the Statement of Net Position represents the City's excess of the total pension liability over the fiduciary net position reflected on the Valuation Reports provided by CalPERS. The net pension liabilities is measured as of the City's prior fiscal year. Changes in net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which the difference incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2019. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2018 and were rolled forward to determine the June 30, 2019 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2019.

Actuarial Assumptions:

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Reporting Date (RD)	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
Post Retirement Benefits Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

Change of Assumptions

There was no change of assumptions for the measurement year.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for the assumed administrative expenses.

Asset Class[1]	Current Target Allocation	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets		0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.92%
	100.00%		

[1] CalPERS' CAFR, Fixed income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

[2] An expected inflation of 2.0% used for this period

[3] An expected inflation of 2.92% used for this period

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Change in the Net Pension Liability

Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position.

The following tables show the changes in net pension liability for each Plan recognized over the measurement period:

Miscellaneous Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (VD)	$ 1,426,545	$ 1,013,223	$ 413,322
Changes recognized for the Measurement Period:			
Service Cost	23,998		23,998
Interest on the Total Pension Liability	100,471		100,471
Difference between Expected and Actual Experience	2,789		2,789
Contribution from the Employer		40,546	(40,546)
Contributions from Employees		9,653	(9,653)
Net Investment Income		66,398	(66,398)
Benefit Payments, including Refunds of Employee Contributions	(72,294)	(72,294)	
Administrative Expenses		(723)	723
Other miscellaneous income (Expense)		1	(1)
Net Changes during 2018-2019	54,964	43,581	11,383
Balance at 6/30/2019 (MD)	$ 1,481,509	$ 1,056,804	$ 424,705

Police Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (VD)	$ 790,929	$ 567,438	$ 223,491
Changes recognized for the Measurement Period:			
Service Cost	17,241		17,241
Interest on the Total Pension Liability	56,054		56,054
Difference between Expected and Actual Experience	3,458		3,458
Contributions from Employer		23,375	(23,375)
Contributions from Employees		5,003	(5,003)
Net Investment Income		37,234	(37,234)
Benefit Payments, including Refunds of Employee Contributions	(38,058)	(38,058)	
Administrative Expenses		(405)	405
Other miscellaneous income (Expense)		1	(1)
Net Changes during 2018-2019	38,695	27,150	11,545
Balance at 6/30/2019 (MD)	$ 829,624	$ 594,588	$ 235,036

Fire Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (VD)	$ 440,672	$ 316,459	$ 124,213
Changes recognized for the Measurement Period:			
Service Cost	6,617		6,617
Interest on the Total Pension Liability	31,074		31,074
Difference between Expected and Actual Experience	3,076		3,076
Contributions from Employer		11,654	(11,654)
Contributions from Employees		2,436	(2,436)
Net Investment Income		20,553	(20,553)
Benefit Payments, including Refunds of Employee Contributions	(24,915)	(24,915)	
Administrative Expenses		(226)	226
Other miscellaneous income (Expense)		1	(1)
Net Changes during 2018-2019	15,852	9,503	6,349
Balance at 6/30/2019 (MD)	$ 456,524	$ 325,962	$ 130,562

Combined Total:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (VD)	$ 2,658,146	$ 1,897,120	$ 761,026
Changes recognized for the Measurement Period:			
Service Cost	47,856		47,856
Interest on the Total Pension Liability	187,599		187,599
Difference between Expected and Actual Experience	9,323		9,323
Contribution from the Employer		75,575	(75,575)
Contributions from Employees		17,092	(17,092)
Net Investment Income		124,185	(124,185)
Benefit Payments, including Refunds of Employee Contributions	(135,267)	(135,267)	
Administrative Expenses		(1,354)	1,354
Other miscellaneous income (Expense)		3	(3)
Net Changes during 2018-2019	109,511	80,234	29,277
Balance at 6/30/2019 (MD)	$ 2,767,657	$ 1,977,354	$ 790,303

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City's three Plans of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Plans' Net Pension Liability	Discount Rate - 1% (6.15%)	Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	$ 617,778	$ 424,705	$ 265,019
Police Safety	347,454	235,036	142,678
Fire Safety	189,295	130,562	81,994
Combine total	$ 1,154,527	$ 790,303	$ 489,691

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. For the fiscal year ended June 30, 2020, the City recognized pension expense of $153,638 which included $83,535 from the Miscellaneous Plan, $47,954 from the Police Safety Plan, and $22,149 from the Fire Safety Plan.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 46,260	
Changes of Assumptions		$ 2,798
Difference between Expected and Actual Experiences	1,917	1,300
Net difference between projected and actual earnings on plan investments		5,683
Change in proportions	4,349	4,349
Total	$ 52,526	$ 14,130

Police Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 26,637	
Changes of Assumptions	11,670	$ 1,604
Difference between Expected and Actual Experiences	2,823	1,161
Net difference between projected and actual earnings on plan investments		2,814
Total	$ 41,130	$ 5,579

Fire Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,174	
Changes of Assumptions	7,124	$ 1,034
Difference between Expected and Actual Experiences	3,097	1,090
Net difference between projected and actual earnings on plan investments		1,652
Total	$ 23,395	$ 3,776

The combined total $86,071 ($46,260 from the Miscellaneous Plan, $26,637 from the Police Safety Plan and $13,174 from Fire Safety Plan) reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amount reported in deferred outfolow of resources and inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Fiscal year Ended 6/30	Miscellaneous Plan	Police Safety Plan	Fire Safety Plan
2021	$ 1,269	$ 12,559	$ 6,450
2022	(8,634)	(4,230)	(776)
2023	(1,508)	(2)	101
2024	1,009	587	670
	$ (7,864)	$ 8,914	$ 6,445

Payable to the Pension Plans

At June 30, 2020, the City reported a payable of $1,023 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2020.

NOTE 13 - Other Postemployment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) to eligible regular full-time employees who retired from city services in a single-employer defined benefit healthcare plan (Plan). The Plan participates in the California Employers' Retiree Benefit Trust (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by CalPERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov.

The City's OPEB Plan provides medical, dental and life insurance coverage to eligible retirees. This coverage is available for employees who retire from City services with PERS and meet the eligibility requirements in accordance with City Personnel Resolutions and various Memoranda of Understanding summarized as follows:

Employee Group	Date of Hire	Eligibility Requirement	City Contribution Formulas[1]
Management, Council - Unrepresented Anaheim Municipal Employee Associations (AMEA)	Before 1/1/1996	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.5 multiplied by Miscellaneous 2% @ 60 PERS retirement schedule based on employee's age at retirement & City service accrued through 12/31/2005
Police Safety	Before 7/6/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement
Fire Safety	Before 11/9/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement

[1] The maximum City contribution for the retiree's OPEB is 95% of the annual contribution amount for active employees

Regular full time employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit.

Benefits provided

The City provides healthcare, dental and vision benefits for retirees and their dependents. Benefits are provided through payment of insurance premiums.

Additionally, full time employees who retire from the City at age 50 or older with 5 years of City service receive life insurance benefits. Retirees receive a paid-up life insurance policy at retirement. The City pays the full cost of the life insurance coverage.

Employees Covered

At the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefit payments	1,329
Inactive employees entitled to but not yet receiving benefit payments	107
Active employees	1,871
Total	3,307

Contributions

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions, Council Resolution and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits. The City contributes an amount not less than the annual Actuarially Determined Contribution (ADC) measured in accordance to the parameters of GASB Statement No. 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortization of any unfunded actuarial liabilities over a closed 30-year period. The remaining amortization at June 30, 2020 is eighteen years.

City contributions to the Plan occur as benefits are paid to retirees or contributions to the OPEB Trust. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

For the fiscal year ended June 30, 2020, the City contributed the full amount of the ADC totaled $16,487 of which included insurance premiums of $19,950, implicit subsidy of $3,266, offsetting by cash reimbursement from CERBT of $1,054 and retiree contributions of $5,675.

Net OPEB Liability

The City's OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

A Summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Reporting Date (RD)	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Long Term Return on Assets	6.70% net of plan investment expenses and including inflation
Discount Rate	6.70% net of plan investment expenses and including inflataion
General Inflation Rate	2.50%
Salary Increase	3.00% per year, used only to allocate the cost of benefits between service years.
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Participation Rates	Active employees expected to qualify for explicit City benefits in retirement: 90% of future retirees are assumed to elect coverage through the City in retirement; Active employees not eligible for explicit City benefits in retirement: 45% are assumed to continue their current medical plan elections in retirement. Current retirees: All currently participating retirees are assumed to continue their existing medical and dental plan elections for the remainder of their lifetime. 50% of retirees eligible for benefits but currently waiving coverage are assumed to rejoin the plan.
Demographic	Based on the 2017 experience study of the CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements. The representative mortality rates were those published by CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.
Mortality Improvement	Macleod Watts Scale 2020 applied generationally.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year . Assumed to start at 6.5% in 2021 and then fluctuate to an ultimate increase rate of 4.0% for year 2076 and later.

Change of Assumptions

The June 30, 2019 actuarial valuation has the following changes since the prior valuation:

Trust rate of return and discount rate	Decreased from 7.28% to 6.70%, reflecting updated projections of long term return on trust assets.
Demographic Assumptions	Assumed mortality, termination, and retirement rates were updated from those provided in the 2014 experience study report to those provided in the 2017 experience report of CalPERS.
Mortality Improvement	The mortality improvement scale was updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2020.
Participation Rate	The assumed participation percentage of active employees eligible to continue City coverage in retirement but with no City-payment toward their premiums was increased from 22.5% to 45%, based on a review of recent retiree elections.
Dependent Coverage	(1) The percentage of active employees assumed to cover a dependent child in a City medical plan in retirement was increased from 25% to 30% and (2) the age at which the coverage for dependent children of future retirees is assumed to end was reduced from 65 to 62.
General Inflation Rate	Decreased from 2.75% to 2.50% per year
Salary Increase	Decreased from 3.25% to 3.00% per year
Medical Trend	Updated to use the Getzen healthcare trend model by the Society of Actuaries
Excise tax on High-cost Coverage	Given the December 2019 repeal of this provision of the Affordable Care Act, the assumption regarding the percentage of any such future tax expected to be paid by the City on behalf of retirees was changed from 100% to 0%.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.70%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The expected long-term return on trust assets was derived from information published by CalPERS for CERBT Strategy 1. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). CalPERS' expected returns are split for years 1-10 and years 11 and thereafter. To derive the single equivalent long-term expected return specific to the City's OPEB Plan, the actuarial valuation projected plan benefits in each future year, then applied the plan specific benefit payments to CalPERS' bifurcated return expectations. The City's OPEB Plan participates in CERBT portfolio investment Strategy 1. The target allocation and best estimates of arithmetic real rates of return for each major asset class of Strategy 1 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return[1]
Global Equity	59%	5.98%
Fixed Income	25%	2.62%
Treasury Inflation-Protected Securities	5%	1.46%
Real Estate Investment Trusts	8%	5.00%
Commodities	3%	2.87%
Cash	-	

[1]Geometric representation; inflation 2.92%

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

Timing of recognition: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amount are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. In determing the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Changes in the OPEB Liability

The following table shows the changes in the net OPEB liability of the City's Plan recognized over the measurement period.

	Increase (Decrease)		
	Total OPEB Liabilities (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balance at 06/30/2018	$ 275,329	$ 90,478	$ 184,851
Changes for the year:			
Service cost	1,900		1,900
Interest on Total OPEB Liability	19,577		19,577
Expected investment income		6,565	(6,565)
Changes of Assumptions	(7,583)		(7,583)
Differences between Expected and Actual Experience	(15,626)		(15,626)
Contributions - Employer		16,049	(16,049)
Investment experience		(983)	983
Benefit payments	(16,629)	(16,629)	
Trust administrative expense		(19)	19
Net Change	(18,361)	4,983	(23,344)
Balance at: 06/30/2019	$ 256,968	$ 95,461	$ 161,507

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1 percentage-point lower (6.28%) or 1 percentage-point higher (8.28%) than the current rate:

	1% Decrease 5.7%	Discount Rate 6.7%	1% Increase 7.7%
Net OPEB Liability	$ 192,138	$ 161,507	$ 135,988

Sensitivity of the Net OPEB Liaility to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease 5.5%	Current Trend Rate 6.5%	1% Increase 7.5%
Net OPEB Liability	$ 135,642	$ 161,507	$ 192,321

OPEB Plan fiduciary net position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CERBT annual financial report which may be obtained @www.calpers.ca.gov

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of $9,051. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 16,488	
Changes of Assumptions	2,167	$ 6,362
Difference between Expected and Actual Experiences		19,858
Net difference between projected and actual earnings on plan investments		551
Change in proportion	2,397	2,397
Total	$ 21,052	$ 29,168

$16,488 reported as deferred outflows of resources related to contribution made subsequent to measurement date will be recognized as a reduction in net OPEB liability in the next fiscal year. Other amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a component in OPEB expense as follows:

Fiscal Year Ended June 30	
2021	$ (5,881)
2022	(5,881)
2023	(4,780)
2024	(3,541)
2025	(3,737)
Thereafter	(784)
Total	$ (24,604)

NOTE 14 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES

Authority for Orange County - City Hazardous Materials Emergency Response

The City participates in joint powers authority (JPA), the Authority for Orange County-City Hazardous Materials Emergency Response (Hazmat), for the purposes of responding to, assessing the nature of, and stabilizing any emergency created by the release or threatened release of hazardous materials.

The following entities are members of Hazmat: City of Anaheim and City of Huntington Beach (provider agencies). Members of the Board of Directors (Hazmat Board) consists of one voting Board member and an alternate appointed by the governing body from the provider agencies. Under the Fifth Amendment to the JPA agreement, three representatives from the subscribing agencies are also voting Board Members. The following cities were subscribing agencies: Brea, Costa Mesa, Fountain Valley, Fullerton, Newport Beach and Orange.

Public entities in Orange County may receive hazardous materials response services from the Hazmat by executing an agreement and paying a fair share contribution. Audited financial information for the joint powers authority as of and for the year ended June 30, 2020, was as follows:

Total assets	$ 331
Total liability	0
Members' equity	331
Total revenues	89
Total expenses	61
Change in net position	28

Hazmat does not have any debt outstanding at June 30, 2020.

The City has no significant equity interest in Hazmat, and accordingly neither assets nor liabilities of Hazmat have been recorded in the City's basic financial statements. For a copy of Hazmat's separate financial statements, contact the Finance Director of the City.

Metro Cities Fire Authority

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

The following entities are members of the Fire Authority: City of Anaheim, City of Brea, City of Fountain Valley, City of Fullerton, City of Huntington Beach, City of Newport Beach, and the City of Orange. Members of the

Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2020, was as follows:

Total assets	$	3,976
Total liability		1,782
Members' equity		2,194
Total revenues		6,988
Total expenses		6,708
Change in net position		280

The City has no significant equity interest in the Fire Authority, and accordingly neither assets nor liabilities of the Fire Authority have been recorded in the City's basic financial statements. For a copy of the Fire Authority's separate financial statements, contact the Finance Director of the City.

North Net Joint Training Authority

The City participates in a joint powers authority, North Net Training Authority (Authority), for the purpose of providing a joint use of a consolidated Training Center and record keeping system for fire training services.

The following entities are members of the North Net Training Authority: City of Anaheim and City of Orange. Members of the Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive training services from the Authority by executing a "subscription agreement" and by paying the annual fee and other costs. Audited financial information for the Authority as of and for the year ended June 30, 2020, was as follows:

Total assets	$	3,051
Total liability		199
Members' equity		2,852
Total revenues		1,195
Total expenses		998
Change in net position		197

SONGS

On December 29, 2006, The Electric Utility sold its 3.16% ownership interest of SONGS to SCE. As such, the Electric Utility ceased recording all related operating expenses, except marine mitigation costs, and spent fuel storage charges. Based on the SONGS settlement agreement, the Electric Utility is responsible for the City's share of marine mitigation costs up to $2,300, and SCE is responsible for costs approximately $2,300 to $7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession. The Decommissioning Trust Fund will continue to pay for spent fuel storage charges.

As a former participant in SONGS, the Electric Utility is subject to assessment of retrospective insurance premiums in the event of a nuclear incident at SONGS or any other licensed reactor in the United States of America.

San Juan Generating Station

On July 31, 2015, the Electric Utility and the other Parties involved with the San Juan Generating Plants, agreed to a plan for the closure of two of the four units. As co-owner of one of the units that is not being closed, on December 31, 2017, the Electric Utility relinquished its 10.04% ownership interest in the existing coal-fired SJ, Unit 4, located near Waterflow, New Mexico to the parties that will continue in the Plant. Other participants include Public Service of New Mexico, 45.485%; the City of Farmington, 8.475%; the County of Los Alamos, 7.200%; and M-S-R Public Power Agency, 28.800%. The Electric Utility's original purchase cost and cumulative share of ongoing construction costs included in utility plant at December 31, 2017 amounted to $84,616. All capital assets related to the San Juan unit were fully depreciated and retired as of June 30, 2018. There are no separate financial statements for this venture, as each participant's interest is reflected in its respective financial statements. Refer to note 1 on page 60 Provision for decommissioning costs related to the decommissioning trust fund set-aside for the future decommissioning of the Plant.

NOTE 15 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with the Intermountain Power Agency (IPA) for delivery of electric power. The share of IPA power is equal to 13.225% of the generation output of IPA's two recently uprated coal-fueled generating units located in Delta, Utah (Unit 1 and 2 net output is 900 megawatts each). The City is obligated for the following percentage of electrical facilities at IPA:

	Entitlement	Expiration
Generation:		
Intermountain Power Project	13.23%	2027

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to construct the plant. These requirements are considered a cost of purchased power.

Southern California Public Power Authority

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it is obligated for its proportional share of the cost of the project. The City is obligated for the following percentage of electrical facilities owned by SCPPA:

	Entitlement	Expiration
Transmission:		
Souther Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5	2030
Mead-Phoenix Project (MPP)	24.2	2030
Generation:		
Magnolia Generating Station (Magnolia)	39.7	2037
Canyon Power Project (Canyon)	100.0	2040
Natural Gas Reserve Projects (Natural Gas)		
SCPAA Natural Gas Project-Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project-Barnett, Texas	45.5	2033

Take or pay commitments

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from the operating revenues received during the year that the payment is due. A long-term obligation has not been recorded on the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility. The following schedule details the amount of take-or-pay commitments that are due and payable by the Electric Utility for each project and the final maturity date.

In addition to take-or-pay commitments referenced above, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service; however, prior experience indicates that annual costs are generally consistent from year to year.

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Magnolia	Natural gas	Canyon	Total
2021	$ 28,022	$ 13,434	$ 2,135	$ 1,142	$ 4,657	$ 4,514	$ 16,638	$ 70,542
2022	7,062	16,223			5,545	4,169	16,628	49,627
2023	9,742	12,266			8,962	3,854	16,618	51,442
2024	69	12,337			7,671	3,563	16,605	40,245
2025	55	5,648			7,734	3,299	16,600	33,336
2026–2030		16,909			39,661	13,207	86,328	156,105
2031–2035					41,619	5,803	103,256	150,678
2036–2040					23,620		102,180	125,800
2041–2045							20,313	20,313
	$ 44,950	$ 76,817	$ 2,135	$ 1,142	$ 139,469	$ 38,409	$ 395,166	$ 698,088

The fiscal year 2020 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Magnolia	Natural gas	Canyon	Total
2020	$ 36,558	$ 4,773	$ 459	$ 140	$ 24,587	$ 716	$ 4,455	$ 71,688

Cap-and-Trade Program

California Assembly Bill (AB) 32 requires that Utilities in California reduce their greenhouse gas (GHG) emissions to 1990 levels by the year 2020. It directed the California Air Resources Board (CARB) to develop regulations of GHG that became effective January 2012. Emission compliance obligations under the Cap-and-Trade regulation began in January 2013.

The Cap-and-Trade program (Program) was implemented beginning January 1, 2013. This Program requires Electric Utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowance to each electric utility to mitigate retail rate impacts. This free allocation of GHG allowance is expected to be sufficient to meet Electric Utility's GHG compliance obligations for retail sales. During this fiscal year, an unused portion of retail allowance was sold for $10,252 to reduce future renewable energy costs for retail customers. The compliance obligation for the wholesale sales requires allowance to be obtained through the auction or in the secondary market quarterly. At June 30, 2020, the value of prepaid Cap and Trade allowance is $23,269, and the value of the Cap and Trade obligation is $11,525.

Operating Leases

In January 2005, the City entered into a long-term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December 2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximately 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending 6/30		
2021	$	65
2022		65
2023		65
2024		65
2025		68
2026-2030		362
2031-2035		398
2036-2040		438
2041-2045		429
Total minimun future rentals	$	1,955

The Honda Center

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Subsequently on December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years.

In November 2018, an amendment was signed to extend the term of agreement from June 30, 2023 to June 30, 2048, with five 5-year extension options. Under the amendment, AAM assumed responsibility to provide 3,900 parking spaces for Honda Center, relieving the City of this long-term obligation. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2020, the outstanding conduit debt on the Honda Center totaled $13,000. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

Angel Stadium of Anaheim

On May 15, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term). In September 2013, the agreement was modified extending the Team's right to terminate the agreement by three years to October 16, 2019. In January 2019, an amendment was signed to extend the Team's right to terminate the agreement by fourteen months to December 31, 2020.

On December 19, 2019, the Anaheim City Council adopted a resolution approving the Purchase and Sale Agreement between the City and SRB Management Company, LLC (SRB) for the sale of approximately 153 acres of City-owned property generally located at 2000 E. Gene Autry Way and 2200 East Katella Avenue, including improvements commonly referred to as Angel Stadium of Anaheim, the City National Grove, and surrounding parking areas. Key transaction terms included a purchase price of $325 million, a commitment by the Angels to play home games in Anaheim through at least 2050, waiver of Angels Baseball's right to terminate the existing lease, $70 million in periodic deposits to be made by SRB and credited against the purchase price, and a milestone schedule for establishing development entitlements. On May 12, 2020, the City entered into a letter of understanding (LOU) with SRB extending the inspection deadline by ninety (90) days from June 30, 2020 to September 30, 2020, and accelerating the time required for making the third deposit.

Until the sale is finalized and under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to $500 per year adjusted annually for CPI as a capital reserve contribution, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions ($2.00 per paid admission in excess of 2.6 million admissions per year), net income from nongame events (in excess of $2,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of $4,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The May 14, 1996 Agreement also provided the City the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of $1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for $6,700 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of $150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of $400, thereby limiting the City's share of net losses to a maximum of $240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to $176 and is subject to adjustment annually based on CPI increases. Nederlander paid the City $217 for the year ended June 30, 2020, for parking and common area maintenance. Under the Stadium Sale and Purchase Agreement, development rights and any right to levy income, will pass to SRB, the new owner.

Anaheim Regional Transportation Intermodal Center - ARTIC

In December 2014, the City opened ARTIC, a transit hub in the Platinum Triangle, a growing and dynamic mixed use area, and within walking distance of both the Angel Stadium and the Honda Center. ARTIC serves as a transit hub for Orange County and the entire Southern California region with bus and rail services that include: Amtrak Metrolink, Orange County Transportation Authority Anaheim Resort Transportation, Tres Estrellas De Oro bus service to Mexico, Greyhound Megabus.com, Flixbus, shuttles, taxis, and outdoor bicycle racks and lockers.

In January 2018, the City and AAM entered into negotiations to secure opportunities to create an entertainment district with the Platinum Triangle, keep the Anaheim Ducks in Anaheim, remove the City's $2.5 million general fund obligation from operating ARTIC, and create opportunities to create and secure revenues and other economic benefits that could be realized through development of under-utilized city land

On November 20, 2018, the City Council approved the Facility Management Agreement, to be effective on July 1, 2019, for the Anaheim Regional Transportation Intermodal Center (ARTIC), between the City as owner and ATCM, LLC (an affiliate of AAM and controlled by H&S Ventures, LLC)("ATCM") as manager (the "ARTIC FMA"), as guaranteed by AAM pursuant to a Guaranty of Payment and Performance in favor of the City, Under the terms of The Facility Management Agreement, ATCM assumes management of ARTIC through June 30, 2048, with the option to extend its management obligations for five five-year extension terms; ATCM will be responsible for all operating losses up to $2.5 million annually; AAM/ATCM will advance all expenses of a sign “Spectacular” at ARTIC, with all proceeds applied to operating expenses; AAM fully guarantees ATCM performance; and City and ATCM share in net profits, 60% to City and 40% to ATCM. For the fiscal year ending June 30, 2020, there was no revenue sharing, with ATCM assuming 100% of operating losses totaling $1.8 million.

Muzeo

In October 2007, the City and the former Redevelopment Agency entered into a property operating agreement (Agreement) with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The Agreement is for a term of 30 years and provides for a line of credit (LOC) for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed $1,000 or 95% of pledges at an annual interest rate of 5%. The Agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to $500 during fiscal year 2011 and $200 during each fiscal year thereafter with amounts being converted to grants upon achieving fund raising thresholds. On June 30, 2014, the agreement was amended to extend the maturity date to June 30, 2019 and increased the line of credit amount from $200 to $250 annually.

In June 2019, The City and the Muzeo Foundation entered Amendment No. 4 to the Property Operating Agreement which includes the continuance of the annual LOC in the amount of $250 per annum for a term of five years expiring June 30, 2024. Additionally, the Muzeo Foundation is also granted a Capital Working LOC (CWLOC) for up to $150 each fiscal year. During fiscal year 2020, the Muzeo Foundation has drawn $30 from the CWLOC.

Participation Agreement – Construction of Regional Animal Care Shelter

On April 12, 2016 the City Council approved a Participation Agreement between the County of Orange and City of Anaheim for the construction of a new regional animal shelter at the former Tustin Air Base. Participants of this Participation Agreement is among the County of Orange and fourteen Orange County Cities. The Shelter will be a County public works project with a maximum construction amount of $35 million of which the County will fund $7.2 million and contribute the land at no cost. The remaining $27.3 million of the maximum construction amount will be divided proportionately among the contract cities based on the percentage of actual shelter usage over the last five years. The City’s proportionate share is 28.28% or $7.7 million for an estimate annual payment of $798 payable quarterly over 10 years starting with fiscal year 2017.

During fiscal year 2020, the City has paid $815 with an estimated committed balance of $4,833.

Litigation

A number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a city such as Anaheim. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance or reflected in the financial statements, will not materially affect the financial position of the City.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction and other significant commitments

At June 30, 2020, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Anaheim Convention Center Hall “D” Cooling Tower	$ 389	2020
Anaheim Resort Electric Line Extension	1,448	2020
Changeable Message Signs	677	2020
Electric Reliability Improvement	608	2020
Julianna Park Improvement	296	2020
Linda Vista Complex Pump Station	7,403	2021
Manchester Electric Line Extension Electric Reliability	2,659	2020
Olive Street 16-inch Water Main - Phase 2 Project	1,071	2020
Outdoor Metal Clad Switchgear 15KV	1,643	2020
Platinum Triangle Electric Line Extension	6,993	2020
Pressure Regulating Stations No. 30&31	1,991	2020
Rehabilitation and Expansion of Lenain Water	296	2020
Street Improvement - Acacia Phase II	1,762	2020
Street Improvement - Ball Road and Anaheim Boulevard Intersection	610	2020
Street Improvement - Gene Autry Way	595	2020
Street Improvement - Weir Canyon Road	452	2020
Street Improvement - West Street & Citron Street	207	2020
Transformers	1,325	2020
Underground District No 50 Euclid Street	4,134	2020
Underground District No 64 Orangewood Ave	788	2020
Underground District No 65 Phase I	8,733	2021
Vehicle Acquisitions	1,817	2020
Wagner House Voluntary Accessibility	113	2020
Wanda 12 KV Circuit Electric Line Extension	1,726	2020
	$47,736	

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years[1]
(In thousands)

Measurement Period:	Miscellaneous 2018-2019	Police Safety 2018-2019	Fire Safety 2018-2019	Total 2018-2019	Miscellaneous 2017-2018	Police Safety 2017-2018	Fire Safety 2017-2018	Total 2017-2018
TOTAL PENSION LIABILITY								
Service cost	$ 23,998	$ 17,241	$ 6,617	$ 47,856	$ 24,265	$ 16,628	$ 6,625	$ 47,518
Interest on the Total Pension Liability	100,471	56,054	31,074	187,599	96,660	53,413	29,971	180,044
Changes of Assumptions[5]					(7,462)	(3,208)	(1,830)	(12,500)
Difference Between Expected and Actual Experience	2,789	3,458	3,076	9,323	(3,467)	(2,322)	1,245	(4,544)
Benefit Payments, including Refunds of Employee Contributions	(72,294)	(38,058)	(24,915)	(135,267)	(68,285)	(35,675)	(23,587)	(127,547)
Net Change in Total Pension Liability	54,964	38,695	15,852	109,511	41,711	28,836	12,424	82,971
Total Pension Liability - Beginning	1,426,545	790,929	440,672	2,658,146	1,384,834	762,093	428,248	2,575,175
Total Pension Liability - Ending (a)	$ 1,481,509	$ 829,624	$ 456,524	$ 2,767,657	$ 1,426,545	$ 790,929	$ 440,672	$ 2,658,146
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	$ 40,546	$ 23,375	$ 11,654	$ 75,575	$ 35,753	$ 20,412	$ 10,600	$ 66,765
Contributions - Employees	9,653	5,003	2,436	17,092	9,985	4,869	2,487	17,341
Net Investment Income	66,398	37,234	20,553	124,185	80,859	45,025	25,372	151,256
Benefit Payments, including Refunds of Employee Contributions	(72,294)	(38,058)	(24,915)	(135,267)	(68,285)	(35,675)	(23,587)	(127,547)
Plan to Plan Resource Movement					(2)	(1)	(1)	(4)
Administration Expense	(723)	(405)	(226)	(1,354)	(1,495)	(834)	(472)	(2,801)
Other Miscellaneous Income (Expense) [2]	1	1	1	3	(2,839)	(1,584)	(897)	(5,320)
Net Change in Fiduciary Net Position	43,581	27,150	9,503	80,234	53,976	32,212	13,502	99,690
Plan Fiduciary Net Position - Beginning[3]	1,013,223	567,438	316,459	1,897,120	959,247	535,226	302,957	1,797,430
Plan Fiduciary Net Position - Ending (b)	1,056,804	594,588	325,962	1,977,354	1,013,223	567,438	316,459	1,897,120
Plan Net Pension Liability (Asset) - Ending (a) - (b)	$ 424,705	$ 235,036	$ 130,562	$ 790,303	$ 413,322	$ 223,491	$ 124,213	$ 761,026
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.33%	71.67%	71.40%	71.45%	71.03%	71.74%	71.81%	71.37%
Covered Payroll[4]	$ 123,499	$ 52,491	$ 23,383	$ 199,373	$ 124,068	$ 50,771	$ 23,214	$ 198,053
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	343.89%	447.76%	558.36%	396.39%	333.14%	440.19%	535.08%	384.25%

Notes:

Benefit Changes:The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

[1] Historical information is required only for measurement periods for which GASB 68 is applicable, Additional years will be presented as they become available

[2] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participants in the State of California's agent OPEB plan.Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting Pension (GASB 68).

[3] Includes any beginning of year adjustment

[4] Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

[5] Changes of Assumptions: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate.

(Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years[1]

(In thousands) (continued)

Measurement Period:	Miscellaneous 2016-2017	Police Safety 2016-2017	Fire Safety 2016-2017	Total 2016-2017	Miscellaneous 2015-2016	Police Safety 2015-2016	Fire Safety 2015-2016	Total 2015-2016
TOTAL PENSION LIABILITY								
Service cost	$ 23,736	$ 15,914	$ 6,600	$ 46,250	$ 19,841	$ 13,551	$ 5,572	$ 38,964
Interest on the Total Pension Liability	93,754	51,464	29,093	174,311	89,941	49,349	28,550	167,840
Changes of Assumptions	76,961	43,497	23,564	144,022				
Difference Between Expected and Actual Experience	8,902	225	(3,028)	6,099	(28,822)	6,919	(2,504)	(24,407)
Benefit Payments, including Refunds of Employee Contributions	(64,059)	(34,195)	(22,071)	(120,325)	(60,039)	(32,039)	(20,907)	(112,985)
Net Change in Total Pension Liability	139,294	76,905	34,158	250,357	20,921	37,780	10,711	69,412
Total Pension Liability - Beginning	1,245,540	685,188	394,090	2,324,818	1,224,619	647,408	383,379	2,255,406
Total Pension Liability - Ending (a)	$ 1,384,834	$ 762,093	$ 428,248	$ 2,575,175	$ 1,245,540	$ 685,188	$ 394,090	$ 2,324,818
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	$ 33,275	$ 19,615	$ 10,350	$ 63,240	$ 31,595	$ 17,527	$ 9,483	$ 58,605
Contributions - Employees	9,744	4,741	2,316	16,801	9,812	4,726	2,328	16,866
Net Investment Income	97,855	54,262	31,036	183,153	4,556	2,607	1,449	8,612
Benefit Payments, including Refunds of Employee Contributions	(64,059)	(34,195)	(22,071)	(120,325)	(60,039)	(32,039)	(20,907)	(112,985)
Plan to Plan Resource Movement	2			2	(34)			(34)
Administrative Expense	(1,305)	(725)	(416)	(2,446)	(548)	(304)	(177)	(1,029)
Net Change in Fiduciary Net Position	75,512	43,698	21,215	140,425	(14,658)	(7,483)	(7,824)	(29,965)
Plan Fiduciary Net Position - Beginning	883,735	491,528	281,742	1,657,005	898,393	499,011	289,566	1,686,970
Plan Fiduciary Net Position - Ending (b)	959,247	535,226	302,957	1,797,430	883,735	491,528	281,742	1,657,005
Plan Net Pension Liability (Asset) - Ending (a) - (b)	$ 425,587	$ 226,867	$ 125,291	$ 777,745	$ 361,805	$ 193,660	$ 112,348	$ 667,813
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69.27%	70.23%	70.74%	69.80%	70.95%	71.74%	71.49%	71.27%
Covered Payroll	$ 120,653	$ 48,294	$ 22,688	$ 191,635	$ 111,398	$ 46,479	$ 21,600	$ 179,477
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	352.74%	469.76%	552.23%	405.85%	324.79%	416.66%	520.13%	372.09%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable, Additional years will be presented as they become available

Notes:

Benefit Changes:The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Cred (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.In 2016, there were no changes.

(Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years[1]

(In thousands) (continued)

Measurement Period:	Miscellaneous 2014-2015	Police Safety 2014-2015	Fire Safety 2014-2015	Total 2014-2015	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
TOTAL PENSION LIABILITY								
Service cost	$ 20,334	$ 12,193	$ 5,419	$ 37,946	$ 21,254	$ 13,088	$ 5,961	$ 40,303
Interest on the Total Pension Liability	88,334	46,658	27,760	162,752	85,591	45,898	27,044	158,533
Changes of Assumptions	(21,249)	(11,546)	(6,582)	(39,377)				
Difference Between Expected and Actual Experience	(16,296)	(19,370)	(4,549)	(40,215)				
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Net Change in Total Pension Liability	13,965	(2,582)	2,104	13,487	53,293	30,141	14,348	97,782
Total Pension Liability - Beginning	1,210,654	649,990	381,275	2,241,919	1,157,361	619,849	366,927	2,144,137
Total Pension Liability - Ending (a)	$ 1,224,619	$ 647,408	$ 383,379	$ 2,255,406	$ 1,210,654	$ 649,990	$ 381,275	$ 2,241,919
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	$ 25,375	$ 14,663	$ 7,622	$ 47,660	$ 23,841	$ 13,505	$ 7,723	$ 45,069
Contributions - Employees	8,877	4,192	2,075	15,144	8,893	4,064	2,337	15,294
Net Investment Income	20,081	10,967	6,515	37,563	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement	(5)	5						
Administrative Expense	(1,011)	(562)	(326)	(1,899)				
Net Change in Fiduciary Net Position	(3,841)	(1,252)	(4,058)	(9,151)	114,650	63,839	35,708	214,197
Plan Fiduciary Net Position - Beginning	902,234	500,263	293,624	1,696,121	787,584	436,424	257,916	1,481,924
Plan Fiduciary Net Position - Ending (b)	898,393	499,011	289,566	1,686,970	902,234	500,263	293,624	1,696,121
Plan Net Pension Liability (Asset) - Ending (a) - (b)	$ 326,226	$ 148,397	$ 93,813	$ 568,436	$ 308,420	$ 149,727	$ 87,651	$ 545,798
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.36%	77.08%	75.53%	74.80%	74.52%	76.96%	77.01%	75.65%
Covered Payroll	$ 112,039	$ 41,800	$ 20,935	$ 174,774	$ 110,815	$ 43,204	$ 22,107	$ 176,126
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	291.17%	355.02%	448.12%	325.24%	278.32%	346.56%	396.49%	309.89%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable, Additional years will be presented as they become available

Notes:

Benefit Changes:The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Cred (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.)In 2014. amount reported were based on the 7.5% discount rate.

See accompanied independent auditors' report

Schedule of Pension Plan Contributions
Last Ten Fiscal Years[1]

(In thousands)

Fiscal Year	Pension Plan	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll[2]	Contribtuions as a Percentage of Covered Payroll [2]
2019-2020	Miscellaneous	$ 46,260	$ 46,260		$ 125,901	36.74%
	Police Safety	26,637	26,637		54,097	49.24%
	Fire Safety	13,174	13,174		26,785	49.18%
	Total	$ 86,071	$ 86,071		$ 206,783	41.62%
2018-2019	Miscellaneous	$ 40,546	$ 40,546		$ 123,499	32.83%
	Police Safety	23,375	23,375		52,491	44.53%
	Fire Safety	11,654	11,654		23,383	49.84%
	Total	$ 75,575	$ 75,575		$ 199,373	37.91%
2017-2018	Miscellaneous	$ 35,753	$ 35,753		$ 124,068	28.82%
	Police Safety	20,412	20,412		50,771	40.20%
	Fire Safety	10,600	10,600		23,214	45.66%
	Total	$ 66,765	$ 66,765		$ 198,053	33.71%
2016-2017	Miscellaneous	$ 33,275	$ 33,275		$ 120,653	27.58%
	Police Safety	19,615	19,615		48,294	40.62%
	Fire Safety	10,350	10,350		22,688	45.62%
	Total	$ 63,240	$ 63,240		$ 191,635	33.00%
2015-2016	Miscellaneous	$ 31,141	$ 31,595	$ (454)	$ 111,398	28.36%
	Police Safety	17,527	17,527		46,479	37.71%
	Fire Safety	9,483	9,483		21,600	43.90%
	Total	$ 58,151	$ 58,605	$ (454)	$ 179,477	32.65%
2014-2015	Miscellaneous	$ 25,375	$ 25,375		$ 112,039	22.65%
	Police Safety	14,663	14,663		41,800	35.08%
	Fire Safety	7,622	7,622		20,935	36.41%
	Total	$ 47,660	$ 47,660		$ 174,774	27.27%
2013-2014	Miscellaneous	$ 23,841	$ 23,841		$ 110,815	21.51%
	Police Safety	13,505	13,505		43,204	31.26%
	Fire Safety	7,723	7,723		22,107	34.93%
	Total	$ 45,069	$ 45,069		$ 176,126	25.59%

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-2020 were derived from the June 30, 2017 Valuation reports, and for Fiscal Year 2018-2019 from the June 30, 2016 Valuation reports.

[1] Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

[2] Includes one year's payroll growth using 2.75% payroll assumption for fiscal year ended June 30, 2018 and 2019; 3% payroll assumption for fiscal years ended June 30, 2014-2017.

Schedule of Changes in the Net Other OPEB Liability and Related Ratios Last Ten Fiscal Years[1]

(Amounts in Thousands)

Measurement Period:	2018-2019	2017-2018	2016-2017
TOTAL OPEB LIABILITY			
Service cost	$ 1,900	$ 1,840	$ 2,032
Interest on the Total OPEB Liability	19,577	19,229	19,550
Difference Between Expected and Actual Experience	(15,626)		(14,382)
Changes of Assumptions	(7,583)		4,617
Benefit Payments, including Refunds of Employee Contributions	(16,629)	(16,061)	(16,016)
Net Change in Total OPEB Liability	(18,361)	5,008	(4,199)
Total OPEB Liability - Beginning	275,329	270,321	274,520
Total OPEB Liability - Ending (a)	256,968	275,329	270,321
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	16,049	16,367	16,016
Expected investment income	6,565	6,097	5,509
Investment experience	(983)	561	2,501
Benifit payments	(16,629)	(16,061)	(16,016)
Administrative Expense	(19)	(44)	(41)
Other Expense		(111)	
Net Change in Fiduciary Net Position	4,983	6,809	7,969
Plan Fiduciary Net Position - Beginning	90,478	83,669	75,700
Plan Fiduciary Net Position - Ending (b)	95,461	90,478	83,669
Plan Net OPEB Liability - Ending (a) - (b)	$ 161,507	$ 184,851	$ 186,652
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	37.15%	32.86%	30.95%
Covered-Employee Payroll[2]	$ 209,942	$ 209,435	203,473
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	76.93%	88.26%	91.73%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable, Additional years will be presented as they become available.

[2] OPEB provided and contributions made by the City are not dependent on payroll.

See accompanied independent auditors' report

Schedule of OPEB Plan Contributions
Last Ten Fiscal Years[1]
(In thousands)

Measurement Period	2019-2020	2018-2019	2017-2018	2016-2017
Actuarially Determined Contribution (ADC)	$ 16,488	$ 16,049	$ 16,367	$ 15,937
Contributions in relation to ADC	$ 16,488	$ 16,049	$ 16,367	$ 16,016
Contribution deficiency (excess)				$ (79)
Covered-Employee Payroll[2]	$ 209,656	$ 209,942	$ 209,435	$ 203,473
Contributions as a Percentage of Covered-employee Payroll	7.86%	7.64%	7.82%	7.87%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

[2] OPEB provided and contribution to the OPEB plan by the City are not dependent on payroll.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal years ending June 30, 2019 and June 30, 2020 were from the July 1, 2017 Actuarial Valuation Report. and for Fiscal Year ending June 30, 2017 and 2018 were from the July 1, 2015 Actuarial Valuation Report.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal Close Group Level Dollar Basis.
Amortization Method/Period	Level percent of payroll over a closed 30-year period initially beginning July 1, 2007
Asset Valuatin Method	Smoothed asset value
General Inflation Rate	2.75%
Salary Increase	3.25%
Long Term Return on Assets	7.28%
Healthcare Trend	Assumed to start at 6.5% in 2021, and then fluctuates to to an ultimate increase rate of 4% per year for year 2076 & thereafter
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality Improvement	McCleod Watts Scale applied gerantionally

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS are used to account for revenues derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

GAS TAX FUND — Established to account for the construction and maintenance of the road network system of the City. Financing is provided primarily by the City's share of State and local gasoline taxes. Federal, State, and local regulations require that these gasoline taxes be used to improve and maintain streets, and includes programs intended to improve the air quality of the region.

WORKFORCE DEVELOPMENT FUND — Established to account for the City's involvement in Federal, State, and local programs to create jobs and provide the unemployed citizens in the Anaheim area with job training opportunities.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND — Established to account for financing of the development of viable urban communities through the provision of decent housing, suitable living environments and economic opportunity, principally for persons of low and moderate income. Financing is provided by the Federal Housing and Urban Development (HUD) grants.

GRANTS FUND — Established to account for various grants requiring segregated fund accounting. Financing is provided by Federal, State, and local agencies.

ANAHEIM RESORT MAINTENANCE DISTRICT FUND — Established to account for the levy and collection of special assessments to pay the cost of annual maintenance and improvements within the district against those parcels that specifically benefit from the enhanced maintenance and improvement.

ANAHEIM TOURISM IMPROVEMENT DISTRICT FUND — Established to account for the collection of a special assessment supporting marketing, promotion and transit project costs in support of the City's tourism and convention industry.

NARCOTIC ASSET FORFEITURE FUND — Established to account for funds received from Federal and State agencies that are derived from monies and property seized by the Police Department in drug related incidents. These funds are used to supplement existing resources of the City's law enforcement activities.

LONG RANGE PROPERTY MANAGEMENT PLAN FUND — Established to account for future development and property management activities of the assets that were transferred from the Successor Agency to the Former Anaheim Redevelopment Agency's approved Long Range Property Management Plan.

DEBT SERVICE FUND is used to account for the accumulation of resources and the payment of principal and interest on general debt of the City and related entities.

MUNICIPAL FACILITIES FUND — Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for the Fire Facilities and other various acquisitions and capital improvements.

CAPITAL PROJECTS FUNDS are used to account for resources used for the acquisition and construction of capital assets by the City, except for those financed by proprietary funds.

STREET CONSTRUCTION FUND — Established to account for transportation improvement construction in the City's right-of-way. Financing is provided primarily by Federal, State and local grants, and Measure M2 allocations by the County of Orange.

TRANSPORTATION IMPROVEMENT PROJECT FUND — Established to account for transportation improvement projects in the City. Financing is provided by Federal, State and local agencies.

DEVELOPMENT IMPACT PROJECTS FUND — Established to account for infrastructure improvements, primarily in the Platinum Triangle area, which provide development opportunities for high density, mixed use, office, restaurant, and residential projects. Financing is provided primarily by development impact fees.

COMMUNITY SERVICES FACILITIES FUND — Established to account for the development of new park sites, playgrounds and library facilities. Financing is provided by Federal and State grant programs, in conjunction with fees charged to residential and commercial developers. Much of this revenue is used to support the capital construction of parks and other recreational facilities throughout the City.

STORM DRAIN CONSTRUCTION FUND — Established to account for the City's storm drain construction. Financing is provided by drainage assessment fees charged to residential and commercial developers.

OTHER CAPITAL IMPROVEMENTS FUND — Established to account for various capital projects as determined by the City Council. Currently, financing for these projects is provided by bond proceeds and subsidies from the General Fund.

MELLO-ROOS PROJECTS FUND — Established to account for road, sewer and water improvements in the community facility districts. Financing is provided by the sale of special tax bonds that are secured by and payable from the proceeds of an annual special assessment on the properties within the district.

Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2020 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 12,012	$ 322	$ 10,257	$ 22,591
Investments	49,086	1,331	42,360	92,777
Accounts receivable, net	118			118
Accrued interest receivable	314	9	336	659
Due from other funds			14,776	14,776
Due from other governments	7,794		15,900	23,694
Land held for resale	16,003			16,003
Prepaid and other assets	251		1	252
Restricted cash and cash equivalents	2,267	272	14,445	16,984
Restricted investments		663	20,008	20,671
Notes receivable, net	21,643			21,643
Due from Successor Agency	3,998		3,453	7,451
Total assets	$ 113,486	$ 2,597	$ 121,536	$ 237,619
LIABILITIES				
Accounts payable	$ 7,219		$ 3,511	$ 10,730
Wages payable	249		38	287
Deposits	320		1,197	1,517
Due to other funds	300		16,374	16,674
Total liabilities	8,088		21,120	29,208
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	2,068		14,262	16,330
Unavailable resources- long-term notes receivable	21,643			21,643
Unavailable resources - due from Successor Agency	3,998		3,453	7,451
Total deferred inflows of resources	27,709		17,715	45,424
FUND BALANCES				
Nonspendable:				
Prepaid and other assets	251		1	252
Restricted:				
Anaheim Resort maintenance and improvement	5,769			5,769
Capital projects			4,303	4,303
Community and economic development projects	19,184			19,184
Debt service		$ 935		935
Development impact projects			83,005	83,005
Grant purposes	2,496			2,496
Homebuyer assistance program	9,500			9,500
Streets, roads and transportation improvement projects	41,109			41,109
Committed for neighborhood and community projects			4,039	4,039
Assigned:				
Debt service		1,662		1,662
Capital projects			5,787	5,787
Other purposes	26			26
Unassigned	(646)		(14,434)	(15,080)
Total fund balances	77,689	2,597	82,701	162,987
Total liabilities, deferred inflows of resources, and fund balances	$ 113,486	$ 2,597	$ 121,536	$ 237,619

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Yar Ended June 30, 2020 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Licenses, fees and permits	$ 12		$ 5,316	$ 5,328
Intergovernmental revenues	39,410		5,758	45,168
Charges for services	19,639		9	19,648
Use of money and property	8,427	$ 91	3,875	12,393
Other	113		33	146
Contribution from property owners			3,124	3,124
Total revenues	67,601	91	18,115	85,807
Expenditures:				
Current:				
City Administration				
City Attorney	115			115
City Clerk			1	1
Finance				
Police	6,013		356	6,369
Fire & Rescue	432		81	513
Community & Economic Development	11,690		6	11,696
Planning & Building	1,185		179	1,364
Public Works	13,555		526	14,081
Community Services	483		653	1,136
Convention, Sports and Entertainment	10,958			10,958
Capital outlay	14,953		31,952	46,905
Debt service:				
Principal retirement	1,405	555	1,488	3,448
Interest charges	476	1,102	323	1,901
Bond issuance costs				
Total expenditures	61,265	1,657	35,565	98,487
Excess (deficiency) of revenues over (under) expenditures	6,336	(1,566)	(17,450)	(12,680)
Other financing sources (uses):				
Transfers in	266	1,258	2,919	4,443
Transfers out	(4,687)		(9)	(4,696)
Total other financing sources	(4,421)	1,258	2,910	(253)
Net change in fund balances	1,915	(308)	(14,540)	(12,933)
Fund balances at beginning of year	75,774	2,905	97,241	175,920
Fund balances at end of year	$ 77,689	$ 2,597	$ 82,701	$ 162,987

See accompanied independent auditors' report

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
ASSETS									
Cash and cash equivalents	$ 3,985	$ 5	$ 79	$ 1,990	$ 1,176	$ 3,922	$ 9	$ 846	$ 12,012
Investments	16,456	20	261	8,217	4,858	16,196	39	3,039	49,086
Accounts receivable, net		1				72		45	118
Accrued interest receivable	101			52	31	106	2	22	314
Notes receivable, net			2,561	19,082					21,643
Due from other governments	2,494	495	763	4,033	9				7,794
Prepaid and other assets				147				104	251
Land held for resale								16,003	16,003
Restricted cash and cash equivalents							2,267		2,267
Due from Successor Agency			3,998						3,998
Total assets	$ 23,036	$ 521	$ 7,662	$ 33,521	$ 6,074	$ 20,296	$ 2,317	$ 20,059	$ 113,486
LIABILITIES									
Accounts payable	948	213	754	2,032	289	1,163	1,381	439	7,219
Wages payable	107	31	43	35	16	5		12	249
Due to other Funds		300							300
Deposits								320	320
Total liabilities	1,055	544	797	2,067	305	1,168	1,381	771	8,088
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues		78	507	1,483					2,068
Unavailable resources- long-term notes receivable			2,561	19,082					21,643
Unavailable resources - due from Successor Agency			3,998						3,998
Total deferred inflows of resources		78	7,066	20,565					27,709
FUND BALANCES									
Nonspendable:									
Prepaid and other assets				147				104	251
Restricted:									
Anaheim Resort maintenance and improvement					5,769				5,769
Community and economic development projects								19,184	19,184
Grant purposes			344	1,216			936		2,496
Homebuyer assistance program				9,500					9,500
Streets, roads and transportation improvement projects	21,981					19,128			41,109
Assigned for other purposes				26					26
Unassigned		(101)	(545)						(646)
Total fund balances (deficit)	21,981	(101)	(201)	10,889	5,769	19,128	936	19,288	77,689
Total liabilities, deferred inflows of resources, and fund balances	$ 23,036	$ 521	$ 7,662	$ 33,521	$ 6,074	$ 20,296	$ 2,317	$ 20,059	$ 113,486

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
Year Ended June 30, 2020 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
Revenues:									
Licenses, fees and permits	$ 12								$ 12
Intergovernmental revenues	21,319	$ 3,024	$ 4,075	$ 10,195			$ 797		39,410
Charges for services	97				$ 4,776	$ 14,766			19,639
Use of money and property	938		733	2,219	271	971	41	$ 3,254	8,427
Other	2	22	1		42			46	113
Total revenues	22,368	3,046	4,809	12,414	5,089	15,737	838	3,300	67,601
Expenditures:									
Current:									
City Attorney			115						115
Police				3,712			2,301		6,013
Fire & Rescue				432					432
Community & Economic Development		3,098	1,876	3,292				3,424	11,690
Planning & Building			1,185						1,185
Public Works	5,887				4,464	3,204			13,555
Community Services			281	202					483
Convention, Sports & Entertainment						10,958			10,958
Capital outlay	10,128		309	2,602	74	1,093	734	13	14,953
Debt service:									
Principal retirement	76		1,143				186		1,405
Interest charges			455				21		476
Total expenditures	16,091	3,098	5,364	10,240	4,538	15,255	3,242	3,437	61,265
Excess (deficiency) of revenues over (under) expenditures	6,277	(52)	(555)	2,174	551	482	(2,404)	(137)	6,336
Other financing sources (uses):									
Transfers in	66				200				266
Transfers out	(4,016)			(523)		(148)			(4,687)
Total other financing sources (uses)	(3,950)			(523)	200	(148)			(4,421)
Net change in fund balances	2,327	(52)	(555)	1,651	751	334	(2,404)	(137)	1,915
Fund balances at beginning of year	19,654	(49)	354	9,238	5,018	18,794	3,340	19,425	75,774
Fund balances at end of year	$ 21,981	$ (101)	$ (201)	$ 10,889	$ 5,769	$ 19,128	$ 936	$ 19,288	$ 77,689

Schedule of Revenues, Expenditures and Changes in Fund Balances (deficit)
Budget and Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2020 (In thousands)

	Gas Tax			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 24	$ 12	$ (12)			
Intergovernmental revenues	22,012	21,319	(693)	$ 3,717	$ 3,024	$ (693)
Charges for services	144	97	(47)			
Use of money and property		938	938			
Other	2	2			22	22
Total revenues	22,182	22,368	186	3,717	3,046	(671)
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development				3,992	3,098	(894)
Planning & Building						
Public Works	35,190	16,091	(19,099)			
Community Services						
Convention, Sports & Entertainment						
Total expenditures	35,190	16,091	(19,099)	3,992	3,098	(894)
Excess (deficiency) of revenues over (under) expenditures	(13,008)	6,277	19,285	(275)	(52)	223
Other financing sources (uses):						
Transfers in	66	66		248		(248)
Transfers out	(3,500)	(4,016)	(516)			
Total other financing sources (uses)	(3,434)	(3,950)	(516)	248		(248)
Net change in fund balances	(16,442)	2,327	18,769	(27)	(52)	(25)
Fund balances at beginning of year	19,654	19,654		(49)	(49)	
Fund balance at end of year	$ 3,212	$ 21,981	$ 18,769	$ (76)	$ (101)	$ (25)

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (deficit) Budget and Actual – All Nonmajor Special Revenue Funds Year Ended June 30, 2020 (In thousands)

	Community Development Block Grant			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				$ 30	$	$ (30)
Intergovernmental revenues	$ 7,416	$ 4,075	$ (3,341)	22,110	10,195	(11,915)
Charges for services						
Use of money and property	584	733	149	409	2,219	1,810
Other		1	1			
Total revenues	8,000	4,809	(3,191)	22,549	12,414	(10,135)
Expenditures:						
City Attorney	115	115				
Police				10,677	5,067	(5,610)
Fire & Rescue	15		(15)	2,545	1,666	(879)
Community & Economic Development	5,724	3,474	(2,250)	11,675	3,292	(8,383)
Planning & Building	1,360	1,185	(175)			
Public Works						
Community Services	1,051	590	(461)	384	215	(169)
Convention, Sports & Entertainment						
Total expenditures	8,265	5,364	(2,901)	25,281	10,240	(15,041)
Excess (deficiency) of revenues over (under) expenditures	(265)	(555)	(290)	(2,732)	2,174	4,906
Other financing sources (uses):						
Transfers in						
Transfers out				(523)	(523)	
Total other financing sources (uses)				(523)	(523)	
Net change in fund balances	(265)	(555)	(290)	(3,255)	1,651	4,906
Fund balances at beginning of year	354	354		9,238	9,238	
Fund balances at end of year	$ 89	$ (201)	$ (290)	$ 5,983	$ 10,889	$ 4,906

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2020 (In thousands)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Charges for services	$ 4,868	$ 4,776	$ (92)	$ 21,028	$ 14,766	$ (6,262)
Use of money and property	53	271	218	200	971	771
Other	14	42	28			
Total revenues	4,935	5,089	154	21,228	15,737	(5,491)
Expenditures:						
Public Works	5,277	4,538	(739)	16,600	4,297	(12,303)
Convention, Sports & Entertainment				15,599	10,958	(4,641)
Total expenditures	5,277	4,538	(739)	32,199	15,255	(16,944)
Excess (deficiency) of revenues over (under) expenditures	(342)	551	893	(10,971)	482	11,453
Other financing sources (uses):						
Transfers in	200	200				
Transfers out				(210)	(148)	62
Total other financing sources (uses)	200	200		(210)	(148)	62
Net change in fund balances	(142)	751	893	(11,181)	334	11,515
Fund balances at beginning of year	5,018	5,018		18,794	18,794	
Fund balances at end of year	$ 4,876	$ 5,769	$ 893	$ 7,613	$ 19,128	$ 11,515

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2020 (In thousands)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	$ 1,678	$ 797	$ (881)			
Use of money and property	22	41	19	$ 3,916	$ 3,254	$ (662)
Other					46	46
Total revenues	1,700	838	(862)	3,916	3,300	(616)
Expenditures:						
City Attorney						
Police	3,242	3,242				
Fire & Rescue						
Community & Economic Development				5,163	3,437	(1,726)
Planning & Building						
Public Works						
Community Services						
Convention, Sports & Entertainment						
Total expenditures	3,242	3,242		5,163	3,437	(1,726)
Excess (deficiency) of revenues over (under) expenditures	(1,542)	(2,404)	(862)	(1,247)	(137)	1,110
Other financing sources (uses):						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance (deficits)	(1,542)	(2,404)	(862)	(1,247)	(137)	1,110
Fund balances (deficits) at beginning of year	3,340	3,340		19,425	19,425	
Fund balances at end of year	$ 1,798	$ 936	$ (862)	$ 18,178	$ 19,288	$ 1,110

Balance Sheet
Nonmajor Debt Service Fund
June 30, 2020 (In thousands)

		Municipal Facilities
ASSETS		
Cash and cash equivalents	$	322
Investments		1,331
Accrued interest receivable		9
Restricted cash and cash equivalents		272
Restricted investments		663
Total assets	$	2,597
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable		
Total liabilities		
Fund balances:		
Restricted for debt service	$	935
Assigned for debt service		1,662
Total fund balances		2,597
Total liabilities and fund balances	$	2,597

See accompanied independent auditors' report

Statement of Revenues, Expenditures and Change in Fund Balance
Nonmajor Debt Service Fund
Year Ended June 30, 2020 (In thousands)

	Municipal Facilities
Revenues:	
Use of money and property	$ 91
Total revenues	91
Expenditures:	
Current:	
Finance	
Debt service:	
Principal retirement	555
Interest charges	1,102
Total expenditures	1,657
Deficiency of revenues under expenditures	(1,566)
Other financing sources:	
Transfers in	1,258
Transfers out	
Total other financing sources	1,258
Net change in fund balances	(308)
Fund balances at beginning of year	2,905
Fund balances at end of year	$ 2,597

See accompanied independent auditors' report

Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - Debt Service Fund
Year Ended June 30, 2020 (In thousands)

	Municipal Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Use of money and property		$ 91	$ 91
Total revenues		91	91
Expenditures:			
Finance	$ 1,088	1,088	
Public Works	569	569	
Total expenditures	1,657	1,657	
Excess (deficiency) of revenues over (under) expenditures	(1,657)	(1,566)	91
Other financing sources:			
Transfers in	1,657	1,258	(399)
Total other financing sources	1,657	1,258	(399)
Net change in fund balances		(308)	(308)
Fund balances at beginning of year	2,905	2,905	
Fund balances at end of year	$ 2,905	$ 2,597	$ (308)

See accompanied independent auditors' report

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2020 (In thousands)

	Streets Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
ASSETS								
Cash and cash equivalents	$ 52	$ 140	$ 4,532	$ 1,674	$ 425	$ 1,980	$ 1,454	$ 10,257
Investments	217	576	18,717	6,914	1,755	8,175	6,006	42,360
Accrued interest receivable			114	48	17	37	120	336
Due from other funds			10,058		1,000	1,218	2,500	14,776
Due from other governments	14,207	1,282		411				15,900
Prepaid and other assets						1		1
Restricted cash and cash equivalents						2,624	11,821	14,445
Restricted investment							20,008	20,008
Due from the Successor Agency						3,453		3,453
Total assets	$ 14,476	$ 1,998	$ 33,421	$ 9,047	$ 3,197	$ 17,488	$ 41,909	$ 121,536
LIABILITIES								
Accounts payable	$ 1,023	$ 884	$ 201	$ 366	$ 589	$ 113	$ 335	$ 3,511
Wages payable	16	2	6	2		1	11	38
Deposits					1,197			1,197
Due to other funds	13,558	1,218		1,598				16,374
Total liabilities	14,597	2,104	207	1,966	1,786	114	346	21,120
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	13,553	654		55				14,262
Unavailable resources- due from Successor Agency						3,453		3,453
Total deferred inflows of resources	13,553	654		55		3,453		17,715
FUND BALANCES								
Nonspendable:								
Prepaid and other assets						1		1
Restricted:								
Capital projects						4,303		4,303
Development impact projects			33,214	6,817	1,411		41,563	83,005
Committed for neighborhood and community projects						4,039		4,039
Assigned for Capital projects				209		5,578		5,787
Unassigned	(13,674)	(760)						(14,434)
Total fund balances (deficits)	(13,674)	(760)	33,214	7,026	1,411	13,921	41,563	82,701
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 14,476	$ 1,998	$ 33,421	$ 9,047	$ 3,197	$ 17,488	$ 41,909	$ 121,536

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Capital Projects Funds
Year Ended June 30, 2020 (In thousands)

	Streets Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
Revenues:								
Licenses, fees and permits			$ 2,936	$ 2,264	$ 116			$ 5,316
Intergovernmental revenues	$ 2,664	$ 1,832	691	360		$ 211		5,758
Charges for services	9							9
Use of money and property	(639)	(87)	1,702	261	69	1,527	$ 1,042	3,875
Other	16		2	15				33
Contribution from property owners							3,124	3,124
Total revenues	2,050	1,745	5,331	2,900	185	1,738	4,166	18,115
Expenditures:								
Current:								
City Administration								
City clerk						1		1
Finance								
Police			356					356
Fire & Rescue			32			49		81
Community & Economic Development						6		6
Planning & Building						179		179
Public Works	342	59	88		3	3	31	526
Community Services			344	76		233		653
Capital outlay	14,598	2,212	1,801	4,637	29	1,875	6,800	31,952
Debt service:								
Principal retirement						1,488		1,488
Interest charges						323		323
Total expenditures	14,940	2,271	2,621	4,713	32	4,157	6,831	35,565
Excess (deficiency) of revenues over (under) expenditures	(12,890)	(526)	2,710	(1,813)	153	(2,419)	(2,665)	(17,450)
Other financing sources (uses):								
Transfers in	517	7				2,395		2,919
Transfers out	(5)		(4)					(9)
Total other financing sources (uses)	512	7	(4)			2,395		2,910
Net change in fund balances	(12,378)	(519)	2,706	(1,813)	153	(24)	(2,665)	(14,540)
Fund balances at beginning of year	(1,296)	(241)	30,508	8,839	1,258	13,945	44,228	97,241
Fund balances (deficit) at end of year	$ (13,674)	$ (760)	$ 33,214	$ 7,026	$ 1,411	$ 13,921	$ 41,563	$ 82,701

See accompanied independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2020 (In thousands)

	Streets Construction			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	$ 33,153	$ 2,664	$ (30,489)	$ 8,372	$ 1,832	$ (6,540)
Charges for services		9	9			
Use of money and property		(639)	(639)		(87)	(87)
Other		16	16			
Total revenues	33,153	2,050	(31,103)	8,372	1,745	(6,627)
Expenditures:						
City clerk						
Finance						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	22,726	14,940	(7,786)	7,799	2,271	(5,528)
Community Services						
Total expenditures	22,726	14,940	(7,786)	7,799	2,271	(5,528)
Excess (deficiency) of revenues over (under) expenditures	10,427	(12,890)	(23,317)	573	(526)	(1,099)
Other financing sources (uses):						
Transfers in		517	517		7	7
Transfers out		(5)	(5)			
Total other financing sources		512	512		7	7
Net change in fund balances	10,427	(12,378)	(22,805)	573	(519)	(1,092)
Fund balances at beginning of year	(1,296)	(1,296)		(241)	(241)	
Fund balances at end of year	$ 9,131	$ (13,674)	$ (22,805)	$ 332	$ (760)	$ (1,092)

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2020 (In thousands)

	Development Impact Projects			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 5,326	$ 2,936	$ (2,390)	$ 2,100	$ 1,712	$ (388)
Intergovernmental revenues		691	691	364	360	(4)
Charges for services						
Use of money and property	209	1,702	1,493	37	261	224
Other		2	2		15	15
Total revenues	5,535	5,331	(204)	2,501	2,348	(153)
Expenditures:						
City clerk						
Finance						
Police	777	505	(272)			
Fire & Rescue	6,200	32	(6,168)			
Community & Economic Development						
Planning & Building						
Public Works	3,353	674	(2,679)			
Community Services	2,734	1,410	(1,324)	5,423	4,713	(710)
Total expenditures	13,064	2,621	(10,443)	5,423	4,713	(710)
Excess (deficiency) of revenues over (under) expenditures	(7,529)	2,710	10,239	(2,922)	(2,365)	557
Other financing sources (uses):						
Transfers in						
Transfers out		(4)	(4)			
Total other financing sources (uses)		(4)	(4)			
Net change in fund balances	(7,529)	2,706	10,235	(2,922)	(2,365)	557
Fund balances at beginning of year	30,508	30,508		8,839	8,839	
Fund balances at end of year	$ 22,979	$ 33,214	$ 10,235	$ 5,917	6,474	$ 557
Adjustment to reconcile to GAAP:						
Park fee credits provided					552	
Total other financing sources (uses)					$ 7,026	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2020 (In thousands)

	Storm Drain Construction			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 5	$ 116	$ 111			
Intergovernmental revenues				$ 225	$ 211	$ (14)
Charges for services						
Use of money and property		69	69	1,008	1,527	519
Other						
Total revenues	5	185	180	1,233	1,738	505
Expenditures:						
City Administration						
City clerk				250	1	(249)
Finance						
Police				527	517	(10)
Fire & rescue				753	306	(447)
Community & EconomicDevelopment				3,562	2,058	(1,504)
Planning & Building				194	194	
Public Works	35	32	(3)	834	834	
Community Services				460	247	(213)
Total expenditures	35	32	(3)	6,580	4,157	(2,423)
Excess (deficiency) of revenues over (under) expenditures	(30)	153	183	(5,347)	(2,419)	2,928
Other financing sources (uses):						
Transfers in				1,303	2,395	1,092
Transfers out						
Total other financing sources (uses)				1,303	2,395	1,092
Net change in fund balances	(30)	153	183	(4,044)	(24)	4,020
Fund balances at beginning of year	1,258	1,258		13,945	13,945	
Fund balances at end of year	$ 1,228	$ 1,411	$ 183	$ 9,901	$ 13,921	$ 4,020

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Actual - All Capital Projects Funds Year Ended June 30, 2020 (In thousands)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property		$ 1,042	$ 1,042
Contribution from property owners		3,124	3,124
Total revenues		4,166	4,166
Expenditures:			
City clerk			
Finance			
Police			
Fire & Rescue			
Community & Economic Development			
Planning & Building			
Public Works	$ 27,882	6,831	(21,051)
Community Services			
Total expenditures	27,882	6,831	(21,051)
Excess (deficiency) of revenues over (under) expenditures	(27,882)	(2,665)	25,217
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Net change in fund balances	(27,882)	(2,665)	25,217
Fund balances at beginning of year	44,228	44,228	
Fund balances at end of year	$ 16,346	$ 41,563	$ 25,217

See accompanied independent auditors' report

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation)

GENERAL BENEFITS AND INSURANCE FUND – Established to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

MOTORIZED EQUIPMENT FUND – Established to account for motorized equipment used by City departments.

INFORMATION AND COMMUNICATION SERVICES FUND – Established to account for data processing and communication services to City departments.

MUNICIPAL FACILITIES MAINTENANCE FUND – Established to account for City building maintenance services and equipment used by City departments.

Combining Statement of Net Position
Internal Service Funds
June 30, 2020 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 12,683	$ 1,238	$ 629	$ 40	$ 14,590
Investments	52,376	5,112	2,598	167	60,253
Restricted cash and cash equivalent			194		194
Accounts receivable, net	3,195	113			3,308
Accrued interest receivable	410	25	25		460
Interfund receivable	8	1,409			1,417
Inventories		1,022		371	1,393
Prepaid and other assets	102	43	716		861
Total current assets	68,774	8,962	4,162	578	82,476
Noncurrent assets:					
Interfund receivable, less current portion	33,047				33,047
Capital assets:					
Buildings, structures and improvements		3,230		8,079	11,309
Machinery and equipment	93	46,166	21,436	4,524	72,219
Construction in progress			2,918		2,918
Less accumulated depreciation	(81)	(30,006)	(16,968)	(6,106)	(53,161)
Capital assets, net	12	19,390	7,386	6,497	33,285
Total noncurrent assets	33,059	19,390	7,386	6,497	66,332
Total assets	101,833	28,352	11,548	7,075	148,808
DEFERRED OUTFLOW OF RESOUCES					
Deferred OPEB related items	236	401	220	692	1,549
Deferred pension related items	959	923	987	1,485	4,354
Total deferred outflow of resources	1,195	1,324	1,207	2,177	5,903
LIABILITIES					
Current liabilities:					
Accounts payable	2,753	356	3,185	1,202	7,496
Wages payable	4,485	89	72	93	4,739
Interest payable			20		20
Due to other Funds				1,541	1,541
Compensated absences	16,542				16,542
Self-insurance liability	14,190				14,190
Capital lease payable			1,201		1,201
Long-term debts		11	1,063		1,074
Unearned revenues	2,287				2,287
Total current liabilities	40,257	456	5,541	2,836	49,090
Noncurrent liabilities:					
Due to other Funds, less current portion					
Capital lease payable, less current portion			1,096		1,096
Compensated absences, less current portion	7,029				7,029
Self-insurance liability, less current portion	44,358				44,358
Long-term debts, less current portion		63			63
Net OPEB liability	2,075	2,778	1,543	2,721	9,117
Net pension liability	8,660	7,651	7,079	8,395	31,785
Total noncurrent liabilities	62,122	10,492	9,718	11,116	93,448
Total liabilities	102,379	10,948	15,259	13,952	142,538
DEFERRED INFLOW OF RESOURCES					
Deferred OPEB related items	531	605	338	451	1,925
Deferred pension related items	199	517	334	193	1,243
Total deferred inflow of resources	730	1,122	672	644	3,168
NET POSITION					
Net investment in capital assets	12	19,316	4,219	6,497	30,044
Unrestricted	(93)	(1,710)	(7,395)	(11,841)	(21,039)
Total net position	$ (81)	$ 17,606	$ (3,176)	$ (5,344)	$ 9,005

See accompanied independent auditors' report

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2020 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	$ 102,072	$ 15,653	$ 25,190	$ 15,783	$ 158,698
Other		441		40	481
Total operating revenues	102,072	16,094	25,190	15,823	159,179
Operating expenses:					
Salaries and wages	5,840	4,676	5,718	6,145	22,379
Maintenance and operations	2,962	5,980	22,277	9,106	40,325
Insurance premiums and claims	26,262				26,262
Compensated absences and other benefits	72,979				72,979
Depreciation	1	2,450	2,266	499	5,216
Total operating expenses	108,044	13,106	30,261	15,750	167,161
Operating income (loss)	(5,972)	2,988	(5,071)	73	(7,982)
Nonoperating income (expenses):					
Investment income	4,005	368	170	(92)	4,451
Interest expense		(2)	(98)		(100)
Gain (loss) from disposal of capital assets		106	(57)		49
Total nonoperating income (loss)	4,005	472	15	(92)	4,400
Income (Loss)	(1,967)	3,460	(5,056)	(19)	(3,582)
Change in net position	(1,967)	3,460	(5,056)	(19)	(3,582)
Net position at beginning of year	1,886	14,146	1,880	(5,325)	12,587
Net position at end of year	$ (81)	$ 17,606	$ (3,176)	$ (5,344)	$ 9,005

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:					
Receipts from interfund services provided	$ 102,072	$ 15,653	$ 25,190	$ 15,783	$ 158,698
Payments to suppliers	(843)	(5,452)	(19,608)	(9,871)	(35,774)
Payments for salaries and wages to employees	(5,196)	(4,610)	(3,713)	(5,052)	(18,571)
Payments for interfund services used	(2,304)	(775)	(1,014)	(1,222)	(5,315)
Payments for insurance premiums and claims	(18,303)				(18,303)
Payments for compensated absences and other benefits	(71,037)				(71,037)
Other receipts	43	409		40	492
Net cash provided by operating activities	4,432	5,225	855	(322)	10,190
Cash flows from noncapital financing activities:					
Receipt of interfund balances	18	224		1,409	1,651
Payment of interfund balances	(33,010)	(1,409)		(224)	(34,643)
Net cash provided by (used for) noncapital financing activities	(32,992)	(1,185)		1,185	(32,992)
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		141			141
Capital purchases		(3,381)	(288)	(519)	(4,188)
Principal payments on long-term debt		(11)	(2,433)		(2,444)
Interest payments		(2)	(118)		(120)
Capital grant receipt		256			256
Interfund payment for capital purpose				(46)	(46)
Net cash used for capital and related financing activities		(2,997)	(2,839)	(565)	(6,401)
Cash flows from investing activities:					
Purchase of investment securities	(9,904)	(981)	(504)	(218)	(11,607)
Proceeds from sale and maturity of investment securities	33,996	183	2,079		36,258
Interest received	1,313	118	119		1,550
Interest paid				(41)	(41)
Net cash provided by (used for) investing activities	25,405	(680)	1,694	(259)	26,160
Increase (decrease) in cash and cash equivalents	(3,155)	363	(290)	39	(3,043)
Cash and cash equivalents at beginning of the year	15,838	875	1,113	1	17,827
Cash and cash equivalents at end of the year	$ 12,683	$ 1,238	$ 823	$ 40	$ 14,784

(continued)

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ (5,972)	$ 2,988	$ (5,071)	$ 73	$ (7,982)
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	1	2,450	2,266	499	5,216
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	1,087	(32)			1,055
Inventories		(4)		(371)	(375)
Prepaid and other assets	(7)	(43)	277		227
Accounts payable	1,027	(200)	1,378	(1,616)	589
Wages and benefit payable	764	66	2,005	1,093	3,928
Unearned revenues	(122)				(122)
Compensated absences	2,353				2,353
Self-insurance liability	5,301				5,301
Total adjustments	10,404	2,237	5,926	(395)	18,172
Net cash provided by operating activities	$ 4,432	$ 5,225	$ 855	$ (322)	$ 10,190
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			$ 1,705		$ 1,705
Increase in fair value of investments	$ 2,676	$ 240	61	$ (51)	2,926
Reconciliation of cash and cash equivalents:					
Cash and cash equivalents	$ 12,683	$ 1,238	$ 629	$ 40	$ 14,590
Restricted cash and cash equivalents, current portion			194		194
Total cash and cash equivalents	$ 12,683	$ 1,238	$ 823	$ 40	$ 14,784

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund - Mello-Roos
Year Ended June 30, 2020 (In thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Restricted cash and cash equivalents	$ 3,041	$ 7,467	$ (3,633)	$ 6,875
Restricted investment	4,594	218		4,812
Due from other governments	5	4,022	(4,014)	13
Total assets	$ 7,640	$ 11,707	$ (7,647)	$ 11,700
LIABILITIES				
Due to bond holders	$ 7,640	$ 7,692	$ (3,632)	$ 11,700

See accompanied independent auditors' report

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STATISTICAL SECTION

STATISTICAL SECTION

The **STATISTICAL SECTION** is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Section.

STATISTICAL INFORMATION

(Unaudited)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City¹s economic condition.

Contents

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investment in capital assets	$ 1,112,914	$ 1,040,595	$ 1,008,489	$ 974,071	$ 968,473	$ 894,651	$ 1,016,259	$ 894,625	$ 831,430	$ 832,951
Restricted	251,942	266,447	266,983	274,830	211,338	210,934	205,998	196,853	190,868	182,011
Unrestricted	(629,091)	(554,529)	(551,607)[2]	(557,245)	(417,976)	(447,817)[1]	(455,863)	30,341	16,760	(124,422)
Total Governmental Activities	735,765	752,513	723,865	691,656	761,835	657,768	766,394	1,121,819	1,039,058	890,540
Business-type Activities										
Net investment in capital assets	1,074,006	1,058,213	1,009,302	1,016,113	997,292	993,075	823,505	787,459	780,093	779,224
Restricted	66,069	61,808	86,863	83,811	76,749	83,448	77,311	71,131	61,235	54,626
Unrestricted	22,284	51,630	15,661[2]	(26,767)	36,644	(1,725)[1]	(37,696)	121,083	112,159	115,445
Total Business-type Activities	1,162,359	1,171,651	1,111,826	1,073,157	1,110,685	1,074,798	863,120	979,673	953,487	949,295
Total Government										
Net investment in capital assets	2,186,920	2,098,808	2,017,791	1,990,184	1,965,765	1,887,726	1,839,764	1,682,084	1,611,523	1,612,175
Restricted	318,011	355,181	353,846	358,641	288,087	294,382	283,309	267,984	252,103	236,637
Unrestricted	(606,807)	(529,825)	(535,946)	(584,012)	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)
Total Government	$ 1,898,124	$ 1,924,164	$ 1,835,691	$ 1,764,813	$ 1,872,520	$ 1,732,566	$ 1,629,514	$ 2,101,492	$ 1,992,545	$ 1,839,835

Note: 1 The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pension, and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, for the fiscal year ended June 30, 2015. Implementation of these Statements require the City to restate prior period net position and are reflected in the fiscal year 2014 Unrestricted net position. Information prior to the implementation of these Statements is not available.

2 The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Other Postemployment enefits Other Than Pension for the fiscal year ended June 30, 2018. Implementation of this Statements requires the City to restate prior period net positions and are reflected in the fiscal year 2017 Unrestricted net position. Information prior to the implementation of these Statements is not available.

Certain reclassifications have been made to prior year data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 1,796	$ 1,742	$ 1,749	$ 1,903	$ 2,034	$ 2,398	$ 1,779	$ 2,001	$ 1,872	$ 1,872
Police	13,595	15,901	15,361	15,441	11,775	10,001	9,927	9,859	10,122	10,435
Fire & Rescue	21,024	10,949	11,621	10,582	9,814	9,024	10,166	9,912	9,431	9,518
Community & Economic Development	9,906	7,531	7,421	19,046	10,210	14,023	17,305	9,151	7,281	8,143
Planning & Building	11,059	11,715	16,573	11,357	11,515	9,800	7,746	6,404	5,327	6,263
Public Works	20,123	21,075	17,378	16,140	15,817	13,309	13,037	14,012	11,401	9,837
Community Services	2,491	3,174	3,227	11,190	3,430	3,408	3,479	3,556	3,386	4,024
Convention, Sports & Entertainment	11,075	14,802	14,231	13,672	12,528	11,124	10,236	9,574	9,142	4,356
Total charges for services	91,069	86,889	87,561	99,331	77,123	73,087	73,675	64,469	57,962	54,448
Operating grants and contributions	158,750	130,335	115,520	109,989	108,131	109,968	114,584	112,507	108,620	124,358
Capital grants and contributions	43,191	21,335	39,340	65,937	85,782	67,014	110,295	71,472	44,184	70,080
Governmental activities program revenues	293,010	238,559	242,421	275,257	271,036	250,069	298,554	248,448	210,766	248,886
Business-type activities:										
Charges for services										
Electric Utility	417,912	459,182	443,755	433,561	430,485	453,697	426,051	451,958	397,931	381,496
Water Utility	84,943	79,649	79,074	70,777	60,509	63,495	65,946	60,785	57,748	55,598
Sanitation Utility	70,812	68,036	65,138	63,893	61,006	60,076	57,843	57,230	56,630	56,359
Golf Courses	4,282	4,306	4,273	4,062	4,114	4,435	4,667	4,759	4,802	4,711
Convention, Sports & Entertainment	35,909	51,072	44,984	37,015	35,363	34,742	32,084	29,656	29,389	27,981
ARTIC Management	41	1,030	1,343	1,050	878	448				
Total charges for services	613,899	663,275	638,567	610,358	592,355	616,893	586,591	604,388	546,500	526,145
Operating grants and contributions	143	231	88	425	776	287	452	952	1,101	746
Capital grants and contributions	12,339	28,408	8,353	4,381	11,743	8,734	8,441	6,698	8,954	12,667
Business-type activities program revenues	626,381	691,914	647,008	615,164	604,874	625,914	595,484	612,038	556,555	539,558
Total government program revenues	919,391	930,473	889,429	890,421	875,910	875,983	894,038	860,486	767,321	788,444
Expenses										
Governmental activities:										
General government	31,866	22,005	15,645	11,825	10,331	12,370	15,790	13,275	11,617	10,911
Police	202,064	175,409	173,921	151,559	132,889	135,161	127,037	124,556	117,840	119,504
Fire & Rescue	96,803	82,948	81,528	70,365	62,520	61,794	59,510	58,508	58,027	56,393
Community & Economic Development	110,812	98,818	96,067	100,720	110,618	80,976	80,043	82,769	95,683	105,937
Planning & Building	27,929	26,248	25,376	21,944	19,862	18,303	17,030	16,917	15,648	15,627
Public Works	60,693	53,742	55,981	61,806	48,719	66,023	60,262	44,740	41,228	44,109
Community Services	50,513	43,218	39,020	34,799	34,212	31,587	34,130	28,925	28,282	30,958
Public Utilities	2,381	2,476	2,346	2,530	2,687	2,599	2,514	2,405	2,315	2,218
Convention, Sports & Entertainment	17,713	27,663	19,930	19,238	18,503	17,026	15,586	13,935	13,584	13,633
Interest on long-term debt	29,734	35,149	34,938	34,876	35,185	35,340	35,514	35,880	42,824	47,985
Governmental Activities Expenses	630,508	567,676	544,752	509,662	475,526	461,179	447,416	421,910	427,048	447,275

(Continued)

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting) (continued)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Business-type Activities:										
Electric Utility	404,272	425,072	394,574	412,424	390,732	401,243	411,246	417,008	386,358	372,129
Water Utility	88,554	76,484	75,755	72,715	61,620	68,011	62,996	57,056	58,319	56,608
Sanitation Utility	67,375	64,659	61,145	58,218	56,564	55,979	53,508	52,813	55,939	49,845
Golf Courses	5,017	4,954	4,898	4,465	4,405	4,418	4,399	4,473	4,114	4,256
Convention, Sports & Entertainment Venues	75,621	68,187	66,058	47,321	44,285	56,715	46,385	45,001	45,278	44,662
ARTIC Management	2,949	6,548	6,218	6,374	6,235	5,075				
Business-type activities expense	643,788	645,904	608,648	601,517	563,841	591,441	578,534	576,351	550,008	527,500
Total government expenses	1,274,296	1,213,580	1,153,400	1,111,179	1,039,367	1,052,620	1,025,950	998,261	977,056	974,775
Net (Expense)/Revenue										
Governmental activities	(337,498)	(329,117)	(302,331)	(234,405)	(204,490)	(211,110)	(148,862)	(173,462)	(216,282)	(198,389)
Business-type activities	(17,407)	46,010	38,360	13,647	41,033	34,473	16,950	35,687	6,547	12,058
Total government, net (expense) revenue	(354,905)	(283,107)	(263,971)	(220,758)	(163,457)	(176,637)	(131,912)	(137,775)	(209,735)	(186,331)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	86,256	80,822	76,547	72,909	70,646	68,405	66,282	64,311	58,896	59,053
Property tax increments									28,678	47,040
Sales tax and use tax	76,851	84,982	80,732	77,732	76,975	72,356	67,505	65,445	59,654	54,711
Transient occupancy taxes	122,735	161,948	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605
Motor vehicle license fees										1,783
Other taxes	8,796	8,893	9,076	8,946	8,731	8,318	7,780	7,756	7,272	7,288
Gain on sale on capital assets			6,258							
Unrestricted investment earnings	15,371	15,654	2,783	2,116	3,692	2,725	2,930	1,094	3,598	3,667
Other	100	98	105	106	87	55	49	1,857	873	614
Transfers	10,641	5,368	4,114	7,701	10,856	(169,119)	7,288	12,824	12,571	8,537
Special item				(8,218)						
Extraordinary gain									102,882	
Governmental activities	320,750	357,765	334,540	310,858	308,557	102,484	261,968	256,223	364,800	265,298
Business-type activities:										
Unrestricted investment earnings	18,756	19,183	4,423	4,001	5,710	8,086	6,986	3,323	10,216	9,617
Transfers	(10,641)	(5,368)	(4,114)	(7,701)	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)
Business-type activities	8,115	13,815	309	(3,700)	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080
Total government	328,865	371,580	334,849	307,158	303,411	279,689	261,666	246,722	362,445	266,378
Change in Net Position										
Governmental activities	(16,748)	28,648	32,209	76,453	104,067	(108,626)	113,106	82,761	148,518	66,909
Business-type activities	(9,292)	59,825	38,669	9,947	35,887	211,678	16,648	26,186	4,192	13,138
Total government change in net position	$ (26,040)	$ 88,473	$ 70,878	$ 86,400	$ 139,954	$ 103,052	$ 129,754	$ 108,947	$ 152,710	$ 80,047

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.
Source: Finance Department, City of Anaheim

See accompanied independent auditors' report

Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

	Amounts						
Fiscal Year	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees	Other Taxes	Total
2020	$ 86,256		$ 76,851	$ 122,735		$ 8,796	$ 294,638
2019	80,822		84,982	161,948		8,893	336,645
2018	76,547		80,732	154,925		9,076	321,280
2017	72,909		77,732	149,566		8,946	309,153
2016	70,646		76,975	137,570		8,731	293,922
2015	68,405		72,356	119,744		8,318	268,823
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936		7,756	240,448
2012	58,896	$ 28,678[1]	59,654	90,376	[2]	7,272	244,876
2011	59,053	47,040	54,711	82,605	$ 1,783	7,288	252,480

[1] The decrease in Property tax increments from fiscal year 2012 was due to the dissolution of Redevelopment Agency on February 1, 2012.

[2] Motor Vehicle License Fees allocation was eliminated per the fiscal year 2012 State Budget.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	$ 308	$ 756	$ 519	$ 819	$ 958	$ 1,538	$ 2,099	$ 2,531	$ 3,082	$ 3,626
Restricted	12,547	4,627	5,194	6,238	7,730	6,124	6,449	1,766	982	582
Committed	2,250							788		
Assigned	6,752	15,221	11,008	2,056	7,442	513	4,073	6,879	320	141
Unassigned	10,954	43,455	41,556	42,336	39,850	39,615	30,394	26,920	22,636	22,139
Total General fund	32,811	64,059	58,277	51,449	55,980	47,790	43,015	38,884	27,020	26,488
Housing Authority Fund										
Nonspendable	39	36	34		2	4	7	38		42
Restricted	48,285	61,641	60,180	62,338	48,974	43,703	41,134	32,234	29,935	7,778
Assigned	31,579	28,434	26,574	22,904	16,129	14,283	11,664	11,823	11,237	9,922
Total Housing Authority Fund	79,903	90,111	86,788	85,242	65,105	57,990	52,805	44,095	41,172	17,742
Anaheim Resort Improvements[1]										
Restricted[2]	110,303	156,286	147,270	124,915	104,091	83,812	70,418	58,568	50,342	48,087
Total Anaheim Resort Improvements	110,303	156,286	147,270	124,915	104,091	83,812	70,418	58,568	50,342	48,087
Nonmajor Governmental Funds										
Nonspendable	252	11,503	9,091	8,713	6,000	6,270	3,542	4,619	1	631
Restricted	166,301	163,126	172,764	178,121	133,839	113,548	100,532	106,302	108,591	193,587
Committed	4,039	3,812	4,063							
Assigned	7,475	6,696	6,797	9,612	5,875	3,040	3,291	8,055	7,400	7,761
Unassigned	(15,080)	(9,217)	(11,535)	(12,202)	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)
Total nonmajor governmental funds	162,987	175,920	181,180	184,244	127,723	102,787	88,360	107,745	83,544	167,686
Total governmental funds	$ 386,004	$ 486,376	$ 473,515	$ 445,850	$ 352,899	$ 292,379	$ 254,598	$ 249,292	$ 202,078	$ 260,003

[1]The Anaheim Resort Improvements Debt Service Fund became a Major Fund in fiscal year 2020.

[2] Decrease in restricted fund balance in Fiscal Year 2020 is due to $59 million used for the partial defeasance of the 1996 APFA series C CABs.

Certain reclassifications have been made to prior fiscal years data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property taxes	$ 86,256	$ 80,822	$ 76,547	$ 72,909	$ 70,646	$ 68,405	$ 66,282	$ 64,311	$ 58,896	$ 59,053
Property tax increments									28,678	47,040
Sales and use taxes	76,898 [3]	84,792	81,680	80,500	81,844	71,977	68,581	62,793	58,589	55,034
Transient occupancy taxes	122,351 [3]	161,948	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605
Other taxes	8,024	8,175	8,311	8,287	8,024	7,478	7,012	7,078	6,401	6,486
Licenses,fees, and permits	26,627	24,397	38,258	30,365	24,851	23,893	16,653	17,835	12,957	14,827
Intergovernmental revenues	167,085	139,776	124,696	123,797	121,055	155,314	215,755	186,018	143,348	150,394
Charges for services	50,927	51,308	50,771	48,186	41,949	37,975	37,269	35,353	33,782	28,353
Fines, forfeits, and penalties	2,658	2,937	2,988	2,756	2,875	2,823	2,656	2,907	3,515	3,304
Use of money and property	29,323	37,459	26,801	47,505	67,204 [2]	20,068	22,427	12,141	10,582	12,423
Contribution from property owners[1]	3,124			36,864						41,007
Others	1,597	1,086	1,178	2,127	1,368	9,738	809	4,843	3,692	374
Total revenues	574,870	592,700	566,155	602,862	557,386	517,415	547,578	496,215	450,816	500,900
Expenditures										
General government	33,715	26,936	21,358	19,447	18,679	19,052	21,070	18,270	16,502	16,055
Police	170,308	160,355	156,338	148,801	139,775	127,226	120,962	117,702	112,656	114,678
Fire & Rescue	85,677	76,604	74,888	70,164	66,399	61,483	57,529	56,127	55,886	55,802
Community & Economic Development	112,045	104,074	93,855	92,089	107,544	89,446	83,658	86,282	95,352	110,138
Planning & Building	24,498	24,196	23,649	21,997	19,935	17,667	16,086	15,785	14,408	14,560
Public Works	37,022	32,329	34,331	30,886	30,388	29,814	29,737	25,387	22,861	27,087
Community Services	40,690	36,339	34,042	32,258	31,980	28,394	30,602	25,268	24,618	27,813
Public Utilities	2,397	2,448	2,341	2,496	2,727	2,622	2,510	2,398	2,313	2,220
Convention, Sports & Entertainment	11,774	15,575	14,639	14,023	13,089	11,608	10,714	10,002	9,725	9,917
Capital outlay	71,117	43,191	46,366	44,532	32,589	79,710	136,597	98,601	55,505	70,918
Debt service:										
Principal	18,575	32,128	14,749	26,123	28,448	25,289	24,220	18,948	16,294	12,219
Interest charges	78,065	30,943	28,412	15,571	16,930	18,085	18,797	19,808	26,927	33,032
Debt issuance costs		1,748				127				227
Total expenditures	685,883	586,866	544,968	518,387	508,483	510,523	552,482	494,578	453,047	494,666
Revenues over (under) expenditures	(111,013)	5,834	21,187	84,475	48,903	6,892	(4,904)	1,637	(2,231)	6,234
Other Financing Sources (Uses)										
Transfers in	78,434	107,804	97,513	103,797	95,920	85,818	84,813	73,470	131,093	99,571
Transfers out	(67,793)	(102,556)	(93,285)	(101,446)	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)
Issuance of refunding bonds		175,565				6,200				
Payments to refunded bond escrow agent		(209,065)				(6,200)				
Premium on long term debt		35,279				1,790				
Issuance of long-term debt			2,250	6,125	1,100	22,654	1,350	31,500		13,570
Extraordinary loss									(67,235)	
Total other financing sources	10,641	7,027	6,478	8,476	11,617	30,889	10,210	45,577	(55,694)	26,520
Net change in fund balances	$ (100,372)	$ 12,861	$ 27,665	$ 92,951	$ 60,520	$ 37,781	$ 5,306	$ 47,214	$ (57,925)	$ 32,754
Debt service as a percentage of non-capital expenditures	15.72%	11.60%	8.66%	8.80%	9.54%	10.07%	10.34%	9.79%	10.87%	10.68%

[1] Contribution from property owernsrs pursuant to the issuances of Community Facility District 08-1 Platinum Triangle Series 2010 (Fiscal Year 2011), and Series 2016 (Fiscal year 2017) Special Tax Bonds.
[2] Increase in Use of money and property is due to one-time land held for resale transferred from the Successor Agency
[3] Decreses in Sales and Use Taxes and Transient Occupancy Taxes are due to COVID-19 pandemic and California Stay-At-Home Order

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

General Government Tax Revenues By Source
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

Amounts in Dollars

	Property Taxes				Property Tax Increments							
Fiscal Year	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Property Taxes in-lieu of VLF [3]	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
2020	$ 44,285	$ 1,378	$ 920	$ 3,850				$ 35,823	$ 76,898[4]	$ 122,351[4]	$ 8,024	$ 293,529
2019	41,529	1,263	1,173	3,322				33,535	84,792	161,948	8,175	335,737
2018	39,396	1,265	1,259	2,892				31,735	81,680	154,925	8,311	321,463
2017	37,771	1,214	1,108	2,484				30,332	80,500	149,566	8,287	311,262
2016	37,000	1,256	991	2,203				29,196	81,844[2]	137,570	8,024	298,084
2015	35,624	1,358	1,001	2,262				28,160	71,977	119,744	7,478	267,604
2014	33,976	1,243	832	2,873				27,358	68,581	110,134	7,012	252,009
2013	33,114	1,194	806	2,834				26,363	62,793	102,936	7,078	237,118
2012	31,770	1,289	207		$ 21,576[1]	$ 6,884[1]	$ 218[1]	25,630	58,589	90,376	6,401	242,940
2011	31,848	1,300	373		36,824	8,859	1,357	25,532	55,034	82,605	6,486	250,218

[1] Decrease in property tax increments revenues in fiscal year 2012 was due to dissolution of the Redevelopment Agency on February 1, 2012.Property tax increments were received up to January 31, 2012.

[2] Increase in sales and use taxes in fiscal year 2016 was due to the sales tax triple flip final distribution.

[3] Collection of property taxes in-lieu of VLF starting in fiscal yar 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

[4] Decreases in Sales and Use Taxes and Transient Occupancy Taxes in Fiscal Year 2020 are due to impacts of COVID-19 and the California Stay-At-Home order.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (In thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year 2020	2019	2018	2017	2016
City of Anaheim					
Secured property	$ 40,745,451	$ 38,098,867	$ 36,199,163	$ 34,732,460	$ 33,338,748
Unsecured property	1,273,871	1,302,121	1,175,627	1,172,650	1,243,307
Total City of Anaheim	42,019,322	39,400,988	37,374,790	35,905,110	34,582,055
Redevelopment Agency Project Areas					
Secured property	5,938,225	5,593,018	5,182,683	4,773,715	4,479,386
Unsecured property	893,906	737,385	720,305	684,544	753,736
Total Anaheim Redevelopment Agency	6,832,131	6,330,403	5,902,988	5,458,259	5,233,122
Total Taxable Assessed Value	$ 48,851,453	$ 45,731,391	$ 43,277,778	$ 41,363,369	$ 39,815,177
Total Direct Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%

	Fiscal Year 2015	2014	2013	2012	2011
City of Anaheim					
Secured property	$ 32,023,757	$ 30,548,214	$ 29,608,967	$ 28,808,849	$ 28,600,152
Unsecured property	1,515,905	1,266,403	1,265,519	1,232,825	1,278,062
Total City of Anaheim	33,539,662	31,814,617	30,874,486	30,041,674	29,878,214
Redevelopment Agency Project Areas					
Secured property	4,102,931	3,916,169	4,338,935	3,977,843	3,751,227
Unsecured property	759,729	654,982	683,237	656,505	743,403
Total Anaheim Redevelopment Agency	4,862,660	4,571,151	5,022,172	4,634,348	4,494,630
Total Taxable Assessed Value	$ 38,402,322	$ 36,385,768	$ 35,896,658	$ 34,676,022	$ 34,372,844
Total Direct Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed.Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%).With few exceptions, property is only reassessed at the time that it is sold to a new owner.At that point, the new assessed value is reassessed at the purchase price of the property sold.The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Auditor-Controller, County of Orange; California Municipal Statistics, Inc.

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Rate per $100 assessed value)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Direct Rate										
Basic Levy[1]	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates[2] :										
Anaheim General Obligation Bond Fund					0.00173	0.00198	0.00211	0.00227	0.00224	0.00224
Anaheim Elementary School Districts	0.05943	0.05059	0.04502	0.04461	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363
Anaheim High School Districts	0.03968	0.04244	0.02211	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745
North Orange County Community College	0.02409	0.02829	0.02927	0.02885	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370
	0.12670	0.12482	0.09990	0.11955	0.12741	0.07531	0.10733	0.10719	0.10385	0.0846
Total Direct and Overlapping Rates	1.12670	1.12482	1.09990	1.11955	1.12741	1.07531	1.10733	1.10719	1.10385	1.08460
City's share of 1% Basic Levy per Prop 13[3]	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851
Total Direct Rate[4]	0.11000	0.11073	0.11125	0.11233	0.11402	0.11365	0.11388	0.11277	0.11062	0.11107

[1] In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is assessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

[2] Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

[3] City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City.

[4] Total Direct Rate is the weighted average of all individual direct rates applied by the City.

Source: Auditor Controller, Orange County

Principal Property Tax Payers
Current Year and Nine Years Ago (In thousands)

	Fiscal year					
	2020			2011		
Tax Payer	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value
Walt Disney World Company	1	11.73%	$ 5,473,423	1	11.87%	$ 3,840,600
HHC HA Investment II Inc.	2	0.46%	215,973			
Anaheim Concourse ILP LLC	3	0.42%	195,823			
US REIF MG Madison Park CA LLC	4	0.28%	131,442			
ACC LLC	5	0.27%	125,500			
Irvine Company LLC	6	0.26%	121,276			
Advance Group 18-116	7	0.24%	113,832			
Teachers Insurance & Annuity Association	8	0.24%	111,072			
CH Realty VIII-Redhill MF	9	0.23%	107,961			
Prologis California I LLC	10	0.22%	102,767			
Makar Anaheim LLC				2	0.40%	129,692
Kilroy Realty LP				3	0.39%	126,099
Anaheim GW II LLC				4	0.39%	125,571
Lennar Platinum Triangle				5	0.38%	123,998
PPC Anaheim Apartments				6	0.33%	107,780
Angeli LLC				7	0.26%	84,468
Worldmark Club				8	0.25%	81,407
John MTR Schlund				9	0.24%	79,032
Avalon Anaheim Stadium				10	0.24%	76,509
Total		14.35%	$ 6,699,069		14.76%	$ 4,775,156

Source: Finance Department, City of Anaheim, California Municipal Statistics, Inc.

Property Tax Levies and Collections
Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Taxes Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Tax Increments Levy [2]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount [1]	Percentage of Levy		Amount	Percentage of Levy		Amount [2]	Percentage of Levy		Amount	Percentage of Levy
2020	$ 47,082	$ 46,223	98.18%	$ 243	$ 46,466	98.69%						
2019	44,588	43,630	97.85%	360	43,989	98.66%						
2018	42,432	41,578	97.99%	336	41,740	98.37%						
2017	40,787	39,710	97.36%	342	40,052	98.20%						
2016	40,026	38,832	97.02%	382	39,214	97.97%						
2015	38,365	37,456	97.63%	414	37,870	98.71%						
2014	36,293	35,558	97.97%	460	36,018	99.24%						
2013	34,813	34,116	98.00%	384	34,500	99.10%						
2012	33,598	32,560	96.91%	512	33,072	98.43%	$ 49,004	$ 28,327	57.81%		$ 28,327	57.81%
2011	33,512	32,517	97.03%	558	33,075	98.70%	49,294	45,906	93.13%	$ 282	46,188	93.70%

[1] Excludes property taxes in-lieu of vehicle license fees
[2] Decrease in property tax collection is due to the dissolution of the Redevelopment Agency on February 1, 2012. Property tax increments were received up to January 31, 2012.
Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.
Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(In thousands, except per capita amount)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities					
Bonds	$ 562,005	$ 600,444	$ 621,675	$ 627,589	$ 632,321
Notes and loans	19,681	23,796	28,008	29,577	20,820
Capital leases	2,297	1,988	1,550	1,738	2,088
Total governmental activities	583,983	626,228	651,233	658,904	655,229
Business-Type Activities					
Bonds	1,220,797	1,172,354	1,214,339	1,235,400	1,124,159
Notes and loans	9,866	13,418	16,972	20,523	36,200
Capital leases	198				
Total business-type activities	1,230,861	1,185,772	1,231,311	1,255,923	1,160,359
Total Government	$ 1,814,844	$ 1,812,000	$ 1,882,544	$ 1,914,827	$ 1,815,588
Percentage of Personal Income	16.19%	16.20%	18.06%	20,12%	20,18%
Per Capita	$ 5,079	$ 5,080	$ 5,272	$ 5,341	$ 5,070

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities					
Bonds	$ 640,891	$ 614,757	$ 616,086	$ 616,444	$ 821,587
Certificates of participation		8,880	10,020	11,085	12,070
Notes and loans	21,372	50,757	54,877	25,546	34,566
Capital leases	2,346	1,325	1,369	1,694	2,341
Total governmental activities	664,609	675,719	682,352	654,769	870,564
Business-Type Activities					
Bonds	1,116,443	780,553	863,987	889,581	908,683
Certificates of participation		38,000	38,000	38,000	38,000
Notes and loans	57,399	48,271	62,722	24,652	30,519
Total business-type activities	1,173,842	866,824	964,709	952,233	977,202
Total Government	$ 1,838,451	$ 1,542,543	$ 1,647,061	$ 1,607,002	$ 1,847,766
Percentage of Personal Income	21.26%	17,22%	19,74%	20,95%	24,57%
Per Capita	$ 5,231	$ 4,429	$ 4,758	$ 4,674	$ 5,418

Note: Per capita amounts are estimates
Certain reclassifications have been made to prior year data to conform to the current presentation
Sources: California State Department of Finance and Finance Department, City of Anaheim
US Census Yearly American Community Survey

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(In thousands, except per capita amount)

	Fiscal Year 2020	2019	2018	2017	2016
Bonds					
General Obligation					$ 700
Lease Revenue	$ 562,005	$ 600,444	$ 621,675	627,589	631,621
	562,005	600,444	621,675	627,589	632,321
Less amounts available for principal					700
Total net obligation bonds outstanding	$ 562,005	$ 441,253	$ 471,623	$ 500,008	$ 523,839
Percentage of Assessed Value of Property	1.15%	1.31%	1.44%	1.52%	1.59%
Per capita	$ 1,573	$ 1,683	$ 1,741	$ 1,750	$ 1,764

	Fiscal Year 2015	2014	2013	2012	2011
Bonds					
General Obligation	$ 1,360	$ 1,995	$ 2,605	$ 3,185	$ 3,735
Lease Revenue[1]	639,531	612,762	613,481	616,444	609,683
Tax Allocation					208,169
	640,891	614,757	616,086	619,629	821,587
Less amounts available for principal	813	725	703	662	667
Total net obligation bonds outstanding	$ 552,717	$ 541,257	$ 554,461	$ 566,231	$ 754,224
Percentage of Assessed Value of Property	1.67%	1.69%	1.71%	1.79%	2.39%
Per capita	$ 1,821	$ 1,763	$ 1,778	$ 1,800	$ 2,407

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements

[1] Include Acretion on revenue bonds

Certain reclassifications have been made to prior year data to conform to current presentation.

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt
As of June 30, 2020 (In thousands)

2019-20 Assessed Valuation	$ 48,851,453			
				Outstanding
DIRECT TAX AND ASSESSMENT DEBT:				$ -
City of Anaheim				
DIRECT GENERAL FUND DEBT:				
City of Anaheim General Fund Obligations				583,983
TOTAL GROSS DIRECT DEBT				583,983
Less: City of Anaheim Public Financing Authority (100% self-supporting)				562,005
City of Anaheim various revenue funds (100% self-supporting)				21,978
TOTAL NET DIRECT DEBT				$ -

	Total Debt 6/30/2020	% Applicable[1]	City's Share of Debt 6/30/2020
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	$ 37,300	1.578%	$ 589
North Orange Joint Community College District	284,769	28.026	79,809
Rancho Santiago Community College District	220,164	12.173	26,801
Rancho Santiago Community College District School Facilities Improvement District No 1	166,020	0.370	614
Anaheim Union High School District	283,474	68.246	193,460
Fullerton Joint Union High School District	198,270	0.247	490
Garden Grove Unified School District	403,257	0.566	2,282
Orange Unified School District	180,385	25.659	46,285
Placentia - Yorba Linda Unified School District	221,547	19.513	43,230
Anaheim School District	275,781	99.090	273,272
Magnolia School District	20,788	67.440	14,020
Other School Districts	134,886	Various	22,828
City of Anaheim Community Facilities Districts	65,530	100	65,530
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	2,492,171		769,210
OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	386,745	7.807%	30,193
Orange County Pension Obligation Bonds	466,864	7.807	36,448
Orange County Board of Education Certificates of Participation	12,930	7.807	1,009
North Orange County Regional Occupation Program Certificates of Participation	8,950	28.831	2,580
Orange Unified School District Certificates of Participation	24,951	25.659	6,402
Orange Unified School District Benefit Obligations	63,565	25.659	16,310
Placentia-Yorba Linda Unified School District Certificates of Participation	90,450	19.513	17,650
Anaheim Union High School District Certificates of Participation	32,400	68.246	22,112
Fullerton Joint Union High School District Certificates of Participation	17,980	0.247	44
Fullerton School District Certificates of Participation	4,065	0.171	7
Magnoliad School District Certificates of Participation	14,143	67.440	9,538
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	1,123,043		142,293
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
City of Anaheim Tax Allocation Bonds	146,095	0.084-100%	141,639
TOTAL OVERLAPPING TAX INCREMENT DEBT			141,639
TOTAL GROSS OVERLAPPING DEBT			1,053,142
TOTAL NET OVERLAPPING DEBT			1,053,142
GROSS COMBINED TOTAL DEBT			$ 1,637,125[2]
NET COMBINED TOTAL DEBT			$ 1,053,142

[1] Percentage of overlapping agency's assessed valuation located within boundaries of the city.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

See accompanied independent auditors' report

Direct and Overlapping Governmental Activities Debt
As of June 30, 2020 (In thousands) (continued)

Ratios to 2019-20 Assessed Valuation:	
Direct Debt ($0)	0.00%
Total Overlapping Tax and Assessment Debt	1.57%
Ratios to Adjusted Assessed Valuation:	
Gross Combined Direct Debt ($583,983)	1.20%
Net Combined Direct Debt($0)	0.00%
Gross Combined Total Debt	3.35%
Net Combined Total Debt	2.16%
Ratios to Redevelopment Increment Valuation ($6,835,920)	
Total Overlapping Tax Increment Debt	2.07%

Source:California Municipal Statistics, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City.This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Legal Debt Margin
Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Debt limit	$ 1,831,929	$ 1,714,927	$ 1,622,917	$ 1,551,126	$ 1,493,069
Total net debt applicable to limit					(700)
Legal debt margin	$ 1,831,929	$ 1,714,927	$ 1,622,917	$ 1,551,126	$ 1,492,369
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.05%
Legal Debt Margin					
Assessed value	$ 48,851,453	$ 45,731,391	$ 43,277,778	$ 41,363,369	$ 39,815,177
Debt limit (3.75% of total assessed value)[1]	$ 1,831,929	$ 1,714,927	$ 1,622,917	$ 1,551,126	$ 1,493,069

	Fiscal Year				
	2015	2014	2013	2012	2011
Debt limit	$ 1,440,087	$ 1,364,466	$ 1,346,125	$ 1,300,351	$ 1,288,982
Total net debt applicable to limit	(1,360)	(1,995)	(2,605)	(3,185)	(3,735)
Legal debt margin	$ 1,438,727	$ 1,362,471	$ 1,343,520	$ 1,297,166	$ 1,285,247
Total net debt applicable to the limit as a percentage of debt limit	0.09%	0.15%	0.19%	0.24%	0.29%
Legal Debt Margin					
Assessed value	$ 38,402,322	$ 36,385,768	$ 35,896,658	$ 34,676,022	$ 34,372,844
Debt limit (3.75% of total assessed value)[1]	$ 1,440,087	$ 1,364,466	$ 1,346,125	$ 1,300,351	$ 1,288,982

Note:
[1] California Government Code sets the debt limit at 15%. The Code section was enacted when assessed valuation were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75% (one-fourth the limit of 15%).

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim, California Municipal Statistics, Inc

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

Electric Utility Revenue Bonds							
		Less	Net				
Fiscal	Electric	Operating	Available	Debt Service			
Year	Revenue	Expenses[1]	Revenue	Principal	Interest	Total	Coverage
2020	$ 426,746	$ 339,624	$ 87,122	$ 25,005	$ 26,145	$ 51,150	1.7033
2019	469,076	365,983	103,093	20,975	30,386	51,361	2.0072
2018	446,156	330,376	115,780	21,305	30,613	51,918	2.2301
2017	435,805	338,888	96,917	18,950	28,948	47,898	2.0234
2016	433,744	319,169	114,575	14,040	27,995	42,035	2.7257
2015	458,211	341,206	117,005	12,950	27,878	40,828	2.8658
2014	430,782	347,290	83,492	11,590	30,039	41,629	2.0056
2013	453,949	349,835	104,114	18,995	33,335	52,330	1.9896
2012	407,787	314,231	93,556	18,175	34,104	52,279	1.7896
2011	391,218	309,274	81,944	17,825	30,825	48,650	1.6844

[1] Operating expenses includes transfer for right of way and excludes amortization and depreciation.

(continued)

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands) (continued)

Water Utility Revenue Bonds

Fiscal Year	Water Revenue	Less Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total	Coverage
2020	$88,549	$69,479	$19,070	$3,640	$7,242	$10,882	1.7524
2019	83,079	59,273	23,806	3,490	7,519	11,009	2.1624
2018	80,131	59,975	20,156	3,370	7,638	11,008	1.8310
2017	71,790	56,487	15,303	3,380	6,815	10,195	1.5010
2016	61,721	46,383	15,338	5,885	1,775	7,660	2.0023
2015	65,518	52,883	12,635	960	4,178	5,138	2.4591
2014	66,979	50,046	16,933	920	4,217	5,137	3.2963
2013	61,849	44,838	17,011	950	4,255	5,205	3.2682
2012	59,330	44,615	14,715	915	4,292	5,207	2.8260
2011	56,935	45,293	11,642	880	3,275	4,155	2.8019

[1] Operating expenses include transfer for right of way and excludes amortization and depreciation.
Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Source: Finance Department, City of Anaheim

Sanitation Revenue Bonds

Fiscal Year	Wastewater Revenue [2]	Less Operating Expenses [3]	Net Available Revenue	Principal	Debt Service Interest	Total	Coverage
2020	$17,044	$8,012	$9,032	$1,170	$2,231	$3,401	2.6557
2019	16,740	7,767	8,973	1,080	2,323	3,403	2.6368
2018	13,963	6,779	7,184	1,095	1,902	2,997	2.3971
2017	13,771	6,252	7,519	1,045	1,954	2,999	2.5072
2016	13,291	5,733	7,558	1,005	1,994	2,999	2.5202
2015	13,373	6,103	7,270	955	2,042	2,997	2.4258
2014	12,572	5,594	6,978	920	2,079	2,999	2.3268
2013	12,106	5,477	6,629	880	2,118	2,998	2.2111
2012	11,933	4,832	7,101	835	2,161	2,996	2.3702
2011	11,813	4,030	7,783	805	2,193	2,998	2.5961

[2] Amounts based on the notes to the basic financial statement, segment reporting
[3] Operating expenses excludes amortization and depreciation.
Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Source: Finance Department, City of Anaheim

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income [1]	Median Age	Education Level in Years of Schooling	School Enrollment	Orange County Unemployment Rate
2020	357,325	$11,208,571	31,368	34.3	12.2	61,086	13.60%
2019	356,669	11,187,993	31,368	34.3	12.2	62,269	3.00%
2018	357,084	10,422,568	29,188	33.7	12.2	63,727	3.30%
2017	358,546	9,515,094	26,538	33.6	12.2	64,870	3.80%
2016	358,136	8,998,883	25,127	33.6	12.2	65,692	4.40%
2015	351,433	8,649,469	24,612	33.6	12.2	66,439	4.10%
2014	348,305	8,955,966	25,713	33.8	12.2	66,982	6.20%
2013	346,161	8,344,211	24,105	32.8	12.2	67,014	6.10%
2012	343,793	7,669,678	22,309	32.4	12.2	67,760	7.90%
2011	341,034	7,519,459	22,049	32.1	12.2	67,884	9.20%

[1] Per capital peronsonal income for year 2020 data not readily available.

Sources:
California State Department of Finance
Anaheim City Superintendent of Schools
State of California, Employment Development Department
State Department of Commerce and Labor
State Department of Education
US Census Yearly American Community Survey

See accompanied independent auditors' report

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year					
	2020			2011		
Employer	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	32,000	18.40%	1	22,710	13.15%
Kaiser Permanente	2	3,057	1.76%	2	3,660	2.12%
L-3 Communications	3	2,113	1.22%			
Anaheim Regional Medical Center	4	1,201	0.69%	4	1,200	0.69%
Hilton Anaheim	5	1,200	0.69%	6	905	0.52%
Northgate Gonzalez Supermarkets	6	1,150	0.66%	3	1,900	1.10%
Advantage-Crown Sales & Marketing LLC	7	1,100	0.63%			
Angels Baseball	8	1,000	0.58%			
Anaheim Global Medical Center	9	975	0.56%			
West Anaheim Medical Center	10	800	0.46%	9	796	0.46%
Honda Center				5	950	0.55%
Western Medical Center				7	800	0.46%
Times Warner Cable				8	800	0.46%
Anaheim Marriott Hotel				10	730	0.42%
Total		44,596	25.64%		34,451	19.93%

Source: Inside Prospects Database; InfoGroup, Inc

Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
City Council	9	9	9	9	6	7	7	7	7	7
City Administration	19	19	19	19	19	20	20	20	21	21
City Attorney	33	33	33	33	33	33	31	30	30	30
City Clerk	8	8	8	8	8	7	7	7	6	6
Human Resources	40	40	40	40	39	37	37	38	36	36
Finance	55	55	55	55	54[1]	44	44	44	46	47
Police	591	590	590	576	569	561	549	536	530	554
Fire & Rescue	276	276	276	276	274	267	262	262	275	277
Community & Economic Development	73	73	73	73	73	71	68	78	102	105
Planning & Building	76	76	76	76	76	75	71	69	73	75
Public Works	236	236	236	236	235	237	236	234	235	252
Community Services	93	93	93	92	92	91	87	87	115	123
Public Utilities	352	352	352	352	352	354	353	352	355	377
Convention, Sports & Entertainment	85	85	85	85	85	85	84	83	91	91
Total	1,946	1,945	1,945	1,930	1,915	1,889	1,856	1,847	1,922	2,001

[1] Increase is due to reorganization of the Citywide Geographic Information System (GIS) and Police Information System into Finance.

Source: City of Anaheim

(continued)

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	Fiscal Year									
Police Department										
Number of calls for service	193,998	192,422	200,934	200,695	208,710	195,305	186,042	186,461	189,751	195,587
Number of 911 calls received	148,895	163,445	146,770	150,555	155,371	158,447	145,813	182,856	179,313	165,698
Number of Part I Crimes per 100,000 population	2,719	2,731	2,925	2,917	3,279	2,950	2,883	3,326	3,057	2,886
Number of Arrest	10,576	12,575	11,865	11,010	11,604	11,405	11,846	11,617	11,494	13,345
Number of Field Reports processed by Records Bureau	35,971	39,373	45,402	41,208	41,655	39,191	38,362	39,066	33,050	35,807
Number of traffic collisions	4,276	4,378	4,757	4,817	5,179	4,833	4,686	4,414	4,044	4,046
Number of Hours of Volunteer service	11,435	18,380	19,270	21,132	21,647	22,885	24,124	23,470	25,309	20,335
Fire Department										
Fire responses	996	1,025	1,057	1,035	1,082	952	885	902	923	983
False alarm responses	2,432	2,038	1,803	1,903	1,848	3,910	1,735	1,424	1,390	1,487
Mutual aid responses	3,596	3,906	4,069	5,450	5,506	4,322	3,001	2,860	2,744	2,707
Medical responses	29,195	29,232	29,385	28,437	28,858	27,158	24,912	24,735	23,061	22,202
Hazardous condition responses	180	204	190	222	211	213	211	207	201	199
Public Works										
Centerline miles of arterial highway pavement improved	3.40	9.15	1.29	1.2	4.70	3.55	7.1	5.9	8.7	5.8
Square feet of deteriorated pavement replaced	2,746,130	3,389,786	2,960,600	4,017,828	2,487,188	2,101,231	4,345,480	4,029,806	2,977,482	4,274,463
Square feet of deteriorated pavement slurry sealed	2,017,000	3,003,023	4,704,400	5,519,982	1,941,187	7,253,633	4,422,148	2,850,939	4,208,194	4,167,569
Number of traffic intersections maintained	394	376	360	335	333	321	327	318	318	319
Number of traffic control hubs maintained	20	18	18	18	18	18	19	18	18	18
Square feet of deteriorated sidewalk replaced	93,243	194,674	162,774	102,305	232,922	153,531	96,399	77,590	74,780	62,940
Linear feet of damaged curb/gutter replaced	29,311	78,147	65,569	6,797	33,373	30,152	29,996	25,187	27,661	24,755
Square feet of medians/parkways maintained	6,297,655	6,297,655	6,101,098	6,063,299	6,063,299	5,721,764	5,644,799	5,644,818	5,511,065	5,460,655
Square feet of landscape maintained in the Anaheim Resort	1,656,500	1,656,500	1,605,958	1,554,886	1,554,886	1,542,442	1,542,442	1,430,486	1,430,486	1,430,486
Square feet of hardscape maintained in the Anaheim Resort	991,360	991,360	991,350	991,360	991,360	991,370	991,360	858,828	858,828	1,001,743
Number of vehicles maintained	887	1,059	1,050	1,036	1,025	1,097	1,144	1,106	1,152	1,162
Number of vehicles per mechanic	44	46	52	49	49	57	58	58	50	47
Square feet of interior space maintained	2,409,427	2,408,734	2,399,337	2,379,100	2,379,100	2,379,100	2,700,000	2,362,992	2,176,265	2,176,265
Square feet of exterior space maintained	37,746,100	37,746,100	37,698,184	37,662,184	37,662,184	37,662,184	37,655,278	37,645,278	39,138,187	39,138,187
Number of facility square feet (interior) per worker	120,471	120,437	126,281	125,215	1,459,000	1,459,000	150,000	139,000	120,904	114,540
Number of construction projects	708	590	180	80	120	100	165	120	100	136
Number of permit inspections	1,007	1,691	900	650	510	429	486	380	404	355
Parks										
Number of park acres maintained per full-time equivalent employee	78	77	77	77	77	76	75	75	75	75,00
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained.	$ 9,585	$ 9,325	$ 9,497	$ 9,221	$ 8,952	$ 8,691	$ 8,438	$ 8,192	$ 8,031	$ 8,333
Cost per sports field maintained.	$ 5,219	$ 5,082	$ 4,934	$ 4,791	$ 4,655	$ 4,519	$ 4,387	$ 4,260	$ 4,133	$ 4,261
Golf Courses										
Cost per acre of golf course maintained	$ 9,712	$ 10,906	$ 11,147	$ 10,434	$ 10,076	$ 9,455	$ 9,931	$ 9,595	$ 9,010	$ 9,569
Number of rounds played	94,746	105,952	102,498	102,542	102,234	110,855	117,652	118,879	120,675	116,287
Number of acres maintained	200	200	200	200	200	200	200	200	200	200

See accompanied independent auditors' report

Operating Indicators by Function
Last Ten Fiscal Years
(Continued)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
City Libraries										
Hours open	14,668	16,965	17,065	16,023	15,461	16,929	16,820	16,243	15,530	15,364
Total circulation of materials, includingeBooks	1,012,328	1,006,276	1,026,997	1,117,096	1,169,829	1,257,127	1,397,239	1,520,841	1,635,627	1,700,104
Patron assistance (reference, information, computer)	225,468	191,269	207,724	226,429	185,436	207,305	240,287	291,960	347,085	397,287
Patron visits	1,184,487	1,382,433	1,460,551	981,637	1,098,146	1,221,982	1,264,972	1,317,689	1,321,309	1,403,995
Library cardholders	254,093	297,256	233,312	230,951	217,661	201,194	186,891	158,396	157,278	156,444
Programs offered	3,585	4,449	4,770	4,507	3,900	3,800	3,397	3,097	3,235	3,927
Program attendance	196,521	141,504	144,660	142,098	125,609	117,226	111,380	102,728	101,696	124,401
Hours of public internet usage	89,344	136,671	151,709	144,364	150,712	184,851	209,953	237,340	220,930	209,673
Community Services Programs										
Number of youth program participants	152,791	165,264	197,228	181,697	183,967	177,746	126,429	136,345	129,215	110,013
Number of youth program participants in recreation classes	9,894	8,291	7,957	8,500	13,026	10,136	13,897	10,906	9,213	10,231
Number of adult program sports teams	343	537	588	679	725	750	791	841	845	908
Number of park ranger contacts	547,707	781,176	641,320	382,310	278,599	327,893	263,765	233,308	275,014	232,132
Public Utilities Department										
Electric Utility:										
Number of meters	121,227	120,400	119,564	118,248	117,593	115,682	115,474	115,418	115,113	114,662
Megawatt-hours - sales	2,687,030	3,109,157	3,217,353	3,298,340	3,229,569	3,725,386	4,065,552	3,312,018	2,966,119	2,976,014
Megawatt-hours - purchased power	2,760,933	3,120,824	2,985,962	2,990,931	3,050,657	3,417,459	3,751,220	3,029,766	2,707,466	2,737,174
Megawatt-hours - owned generation	2	60,890	231,391	398,068	318,921	371,657	467,348	410,601	430,323	431,027
Water Utility:										
Number of meters	64,421	64,188	64,001	63,489	63,775	63,145	63,002	62,917	62,793	62,717
Millions of gallons sold	17,361	17,760	19,308	17,422	16,607	19,804	20,743	20,464	19,672	19,526
Millions of gallons purchased from Metropolitan Water District	7,877	3,581	8,767	4,170	4,373	4,717	5,286	6,878	7,023	7,398
Millions of gallons pumped from water system wells	10,947	14,603	10,742	14,217	13,213	15,180	16,749	14,659	14,100	13,399
Anaheim Convention Center										
Number of events serviced	135	168	171	179	181	197	221	263	222	200
Number of attendees	816,000	1,083,000	960,000	925,000	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000
Percentage of occupancy	46.00%	55.00%	68.00%	72.00%	59,0%	63,0%	63,0%	58,0%	62,0%	56,0%

Sources: Various City departments

Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police Department										
Police Facilities	9	10	10	10	10	10	10	10	10	10
Motorized Equipment	277	256	256	260	260	250	247	247	242	242
Police Helicopters	3	3	3	3	2	2	2	3	3	3
Shooting Range	1	1	1	1	1	1	1	1	1	1
Communication/Radio Tower	1	1	1	1	1	1	1	1	1	1
Fixed Wing	1	1	1	1	1	1	1	1	1	
Fire Department										
Fire stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	85	79	76	75	75	74	74	79	74	69
Public Works										
Streets (center lane miles)	584	584	584	585	584	584	578	578	578	578
Traffic signals	394	376	360	335	321	321	321	318	318	318
Sewers (miles)	578.43	578.43	578.43	578.17	578.13	577.60	575.52	575.52	573.63	570.44
Storm Drains (miles)	151.82	151.82	151.82	151.82	151.30	151.30	151.30	151.30	151.24	151.24
Parks										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	15	15	15	15	15	9	7	7	7	7
Neighborhood parks	23	23	23	23	23	21	21	21	21	21
Special use parks	11	10	9	8	8	7	7	7	7	7
Golf Courses	2	2	2	2	2	2	2	2	2	2
City Libraries										
Branch libraries	8	8	8	8	8	8	7	7	7	7
Book mobiles	1	1	1	1	1	1	1	1	1	1
Museums/Historic properties	5	5	5	5	5	5	5	5	5	5

See accompanied independent auditors' report

Capital Assets Statistics by Function
Last Ten Fiscal Years
(continued)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
Public Utilities Department										
Electric Utility:										
Transmission, 69 kV, circuit miles	88	90	90	88	87	86	87	86	90	80
Distribution, 12 kV and lower, circuit miles										
Overhead	393	401	402	408	414	420	426	428	440	446
Underground	742	709	708	693	680	666	662	656	658	617
Water Utility:										
Active Wells	19	15	18	17	18	17	18	18	18	18
Reservoirs	13	13	14	14	14	14	14	14	14	13
Water Mains (miles)	758	754	753	753	753	753	753	753	752	753
Fire Hydrants	7,912	7,835	7,842	7,832	7,840	7,832	7,816	7,812	7,802	7,805
Anaheim Convention Center										
Square footage available	1,370,000	1,370,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Number of exhibit halls	7	7	5	5	5	5	5	5	5	5
ARTIC Management [1]										
Terminal square footage	67,000	67,000	67,000							
Parking stalls	1,059	1,059	1,059							
Bus bays	18	18	18							
Bike lockers	24	24	24							

[1] The ARTIC management started operation on December 6, 2014.

Source: Various City Departments

OTHER INFORMATION

Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2019 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 1,057,123	$ 1,502,706	$ 445,583	70.3%	$ 124,366	358.3%
Police Safety	594,766	843,974	249,208	70.5%	51,581	483.1%
Fire Safety	326,062	471,152	145,090	69.2%	24,421	594.1%
Total	$ 1,977,951	$ 2,817,832	$ 839,881	70.2%	$ 200,368	419.2%

June 30, 2018 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 1,014,034	$ 1,455,035	$ 441,001	69.7%	$ 120,194	366.9%
Police Safety	567,890	809,188	241,298	70.2%	51,086	472.3%
Fire Safety	316,715	451,623	134,908	70.1%	22,758	592.8%
Total	$ 1,898,639	$ 2,715,846	$ 817,207	69.9%	$ 194,038	421.2%

June 30, 2017 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 957,141	$ 1,361,536	$ 404,395	70.3%	$ 120,748	334.9%
Police Safety	534,056	749,345	215,289	71.3%	49,413	435.7%
Fire Safety	302,285	423,670	121,385	71.3%	22,593	537.3%
Total	$ 1,793,482	$ 2,534,551	$ 741,069	70.8%	$ 192,754	384.5%

See accompanied independent auditors' report

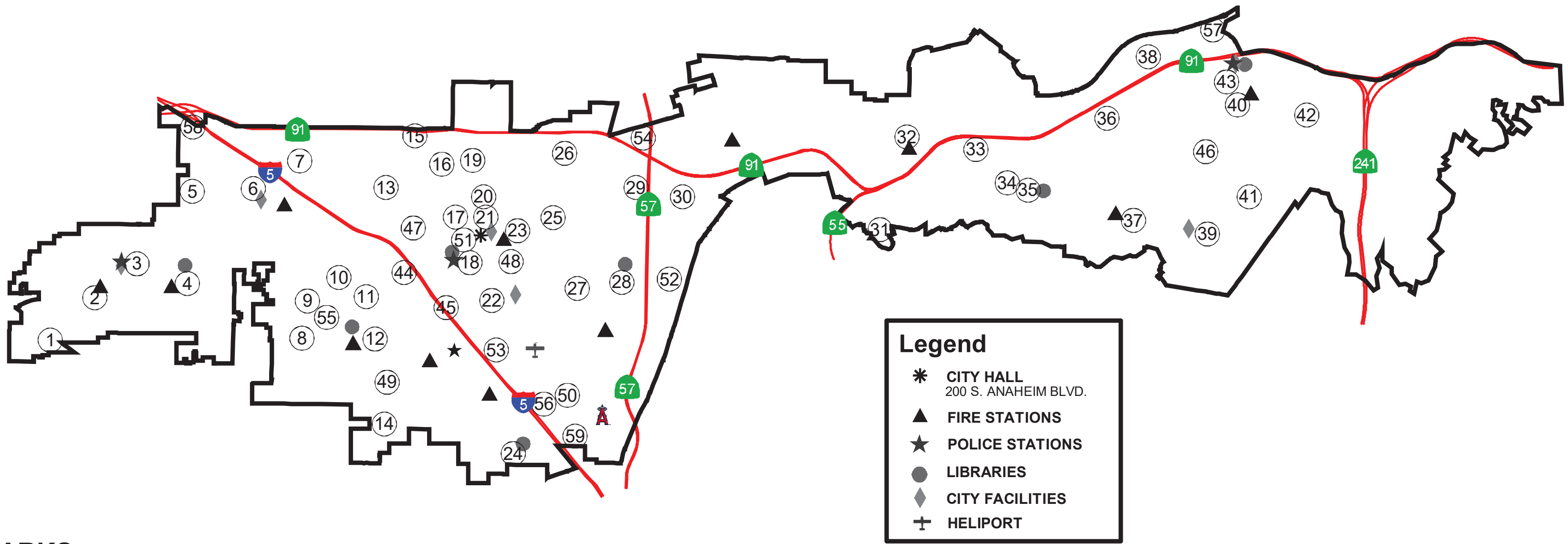
Schedule of Funding Progress for Other Post-Employment Benefits

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability - AVA	Funded Ratios - AVA	Annual Covered Employee Payroll	UL as a % of Covered-Employee Payroll
June 30, 2019	$ 102,332	$ 262,907	$ 160,575	38.9%	$ 209,656	76.6%
July 1, 2017	89,953	273,950	183,997	32.8%	203,473	90.4%
July 1, 2015	79,787	271,243	191,456	29.4%	178,721	107.1%

See accompanied independent auditors' report

CITY OF ANAHEIM



PARKS

1. **HANSEN PARK**
   1300 S. Knott St.
2. **REID PARK**
   3100 W. Orange Ave.
3. **SCHWEITZER PARK**
   238 S. Bel Air St.
4. **MAXWELL PARK**
   2660 W. Orange Ave.
5. **PETER MARSHALL PARK**
   801 N. Magnolia Ave.
6. **BROOKHURST COMMUNITY PARK**
   2271 W. Cresent Ave.
7. **JOHN MARSHALL PARK**
   2066 Falmouth Ave.
8. **MODJESKA PARK**
   1331 S. Nutwood St.
9. **CLARA BARTON PARK**
   1926 Clearbrook Ln.
10. **CHAPARRAL PARK**
    1770 E. Broadway
11. **WILLOW PARK**
    1625 W. Crone Ave.
12. **PALM LANE PARK**
    1595 Palais Rd.
13. **SAGE PARK**
    1313 Lido Pl.
14. **STODDARD PARK**
    901 S. Ninth St.
15. **MANZANITA PARK**
    1260 Riviera St.
16. **LA PALMA PARK & STADIUM**
    1151 La Palma Park Way
17. **PEARSON PARK**
    400 N. Harbor Blvd.
18. **LITTLE PEOPLES PARK**
    220 W. Elm St.
19. **JULIANNA PARK**
    309 E. Juliana St.
20. **GEORGE WASHINGTON PARK**
    250 E. Cypress St.
21. **COLONY SQUARE**
    210 E. Lincoln Ave.
22. **WALNUT GROVE PARK**
    905 S. Anaheim Blvd.
23. **CITRUS PARK**
    104 S. Atchison St.
24. **PONDEROSA PARK**
    2100 S. Haster St.
25. **LINCOLN PARK**
    1440 E. Lincoln Ave.
26. **EDISON PARK**
    1145 Baxter St.
27. **BOYSEN PARK**
    951 State College Blvd.
28. **JUAREZ PARK**
    841 S. Sunkist St.
29. **PIONEER PARK**
    2565 E. Underhill Ave.
30. **RIO VISTA PARK**
    201 N. Park Vista St.
31. **OLIVE HILLS PARK**
    4200 Nohl Ranch Rd.
32. **RIVERDALE PARK**
    4545 E. Riverdale Ave.
33. **PERALTA CANYON PARK**
    115 N. Pinney Dr.
34. **PELANCONI PARK**
    222 S. Avenida Margarita
35. **IMPERIAL PARK**
    450 S. Imperial Hwy.
36. **EUCALYPTUS PARK**
    100 N. Quintana Dr.
37. **OAK PARK**
    6400 E. Nohl Ranch Rd.
38. **YORBA REGIONAL PARK**
    7600 E. La Palma Ave.
39. **OAK CANYON NATURE CENTER**
    6700 Walnut Canyon Rd.
40. **SYCAMORE PARK**
    8268 Monte Vista Rd.
41. **CANYON RIM PARK**
    7305 E. Canyon Rim Rd.
42. **RONALD REAGAN PARK**
    945 S.Weir Canyon Rd.
43. **ROOSEVELT PARK**
    8160 E.Bauer Rd.
44. **ROSS PARK**
    1280 W. Santa Ana St.
45. **COTTONWOOD PARK**
    853 W. Cottonwood Cir.
46. **DEER CANYON PARK**
    Mohler & Santa Ana Rd.
47. **FOUNDERS PARK**
    400 N. West St.
48. **COLONY PARK**
    501 E. Water St.
49. **ENERGY FIELD**
    1625 S. Ninth St.
50. **MAGNOLIA PARK**
    1515 Wright Cir.
51. **FRIENDSHIP PLAZA PARK**
    200 S. Anaheim Blvd.
52. **ANAHEIM COVES**
    962 S. Rio Vista St.
53. **PAUL REVERE PARK**
    160 Guinida Ln.
54. **MIRALOMA PARK**
    2600 E. Miraloma Way
55. **CIRCLE PARK**
    924 S.Park Cir.
56. **CORAL TREE PARK**
    1711 S. Betmor Ln.
57. **ANAHEIM WETLANDS PARK**
    8500 E. La Palma Ave.
58. **DELPHI PARK**
    1211 N Magnolia Ave.
59. **JACARANDA PARK**
    1955 Jacaranda Way

Date: 9/30/2020

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ANAHEIM, CALIFORNIA

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APPENDIX C

DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected provisions of the Ground Lease, the Lease Agreement and the Indenture are made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete texts of said documents, copies of which are available upon request sent to the City.

DEFINITIONS

The following sets forth the definitions of certain words and terms used in this Summary of Principal Legal Documents.

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq*. of the California Government Code.

"Additional Rental Payments" means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

"Additional Reserve Policy" means a letter of credit, insurance policy, surety bond or other such funding instrument approved by the Insurer and deposited with the Trustee pursuant to the provisions described in the Indenture under the heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund."

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year.

"Authority" means the Anaheim Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State, and any successor thereto.

"Authorized Denominations" means, with respect to the Bonds, $5,000 and integral multiples thereof.

"Authorized Representative" means (a) with respect to the Authority, the Chairman, the Vice-Chairman, the Executive Director, the Treasurer or the Secretary of the Authority, and any other Person designated as an Authorized Representative of the Authority in a Written Certificate of the Authority filed with the Trustee, and (b) with respect to the City, the Mayor of the City, the City Manager of the City, the Finance Director of the City, the Deputy Finance Director of the City, and any other Person designated as an Authorized Representative of the City in a Written Certificate of the City filed with the Trustee.

"Base Rental Deposit Date" means the fifth Business Day next preceding each Interest Payment Date.

"Base Rental Payments" means all amounts payable to the Authority by the City as Base Rental Payments pursuant to the Lease Agreement.

"Beneficial Owners" means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Year" means each twelve-month period beginning on July 2 in each year and extending to the next succeeding July 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on July 1, 2021.

"Bonds" means the Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable), issued under the Indenture.

"Book-Entry Bonds" means the Bonds registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means a day that is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee or the Insurer is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

"City" means the City of Anaheim, a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State, and any successor thereto.

"Closing Date" means the date upon which the Bonds are delivered to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of June 1, 2021, by and between the City and U.S. Bank National Association, in its capacity as Trustee and in its capacity as dissemination agent thereunder, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Costs of Issuance" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Lease Agreement, the Ground Lease, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and its counsel, any premium for the Insurance Policy securing payment of the Bonds, any premium for a Reserve Facility and any other cost, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations 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 United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

"Delivery Date" means the date of delivery of the Bonds.

"Depository" means DTC, and its successors as securities depository for any Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

"Electronic Means" means e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

"Event of Default" means any event or circumstance specified in the Indenture as an Event of Default.

"Fair Rental Value" means, with respect to the Property, the annual fair rental value thereof.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period thereafter selected and designated as the official fiscal year period of the City.

"General Fund" means the fund by that name established by the City, and any other fund or account established by the City from which general operating expenditures of the City may be paid.

"Ground Lease" means the Ground Lease, dated as of the date of the Indenture, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

"Indenture" means the Indenture, dated as of June 1, 2021, by and among the Authority, the City and U.S. Bank National Association, as Trustee, as originally executed and as it may from time to time be amended or supplemented by any Supplemental Indenture.

"**Insolvency Proceeding**" means any proceeding by or against the Authority or the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law.

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

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

"Insurer Default" means (a) the Insurer has failed to make any payment under the Insurance Policy when due and owing in accordance with its terms, (b) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Insurer under Article 16 of the Insurance Law of the State of New York or any successor provision thereto and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding, (c) any state or federal agency or instrumentality shall order the suspension of payments on the Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law), or (d) any material provision of the Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested in writing by the Insurer.

"Insurer Expenses" means all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) any accounts established to facilitate payments under the Insurance Policy and the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights or security in the any Related Document, (iii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iv) 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 (v) 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. In addition, Insurer Expenses shall include the Insurer's 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.

"Insurer Rate" means (a) with respect to the Insurance Policy, the lesser of (i) the greater of (A) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3.00%, and (B) the then applicable highest rate of interest on the Bonds, and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates, and (b) with respect to the Reserve Policy, the lesser of (i) the greater of (A) the Prime Rate (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5.00%, and (B) the then applicable highest rate of interest on the Bonds, and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A. ceases to announce its Prime Rate, the Prime Rate shall be the prime rate of such other national bank or banking association as the Insurer shall designate. Interest at the Insurer Rate shall be computed on the basis of the actual days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime rate or base lending rate of such other bank, banking association or trust company as the Insurer, in its sole and absolute discretion, shall designate. If the interest provisions of this paragraph shall 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, to the extent permissible by law, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer or Reserve Insurer, as applicable, with the same force and effect as if the City or the Authority had specifically designated such extra sums to be so applied and the Insurer or Reserve Insurer, as applicable, had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall 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.

"Insurer's Fiscal Agent" means a fiscal agent appointed by the Insurer for purposes of, and in accordance with the terms contained in, the Insurance Policy.

"Interest Account" means the account by that name within the Payment Fund established pursuant to the Indenture.

“Interest Payment Dates” means January 1 and July 1 of each year, commencing January 1, 2022.

“Lease Agreement” means the Lease Agreement, dated as of the date of the Indenture, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Lease Default Event” means an event of default pursuant to and as described in the Lease Agreement as a Lease Default Event.

“Lease Revenues” means all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Lease Agreement upon a Lease Default Event.

“**Letter of Representations”** means the Letter of Representations from the Authority to the Depository, in which the Authority makes certain representations with respect to issues of its securities for deposit by the Depository.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Net Proceeds” means any insurance proceeds or condemnation award in excess of $50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority and the City by the Trustee in writing.

“Opinion of Bond Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority and satisfactory to and approved by the Trustee.

“Original Purchaser” means the original purchaser of the Bonds from the Authority.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture described under the heading “MISCELLANEOUS – Disqualified Bonds,” all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the provisions of the Indenture described under the heading “DEFEASANCE – Discharge of Indenture” and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to the provisions of the Indenture described under the heading "CERTAIN PROVISIONS OF THE BONDS – Bonds Mutilated, Lost, Destroyed or Stolen."

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity that is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriters" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Payment Fund" means the fund by that name established in accordance with the Indenture.

"Permitted Encumbrances" means with respect to the Property, as of any particular time (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or that the City may, pursuant to provisions of the Lease Agreement described under the heading "REPRESENTATIONS; COVENANTS – Taxes," permit to remain unpaid, (b) the Lease Agreement, (c) the Ground Lease, (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist of record as of the Delivery Date, and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date that the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture.

"Permitted Investments" means the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

(2) 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
- Federal Financing Bank;

(3) 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), Federal Farm Credit Bank (FFCB), or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)

– Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, demand deposits, including time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, federal funds and bankers' acceptances with domestic commercial banks (which may include the Trustee and its affiliates) that 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);

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

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee receive and retain a fee in a reasonable amount for services provided to the fund whether as a custodian, transfer agent, investment advisor or trustee;

(7) 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 that 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) that 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) that 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 (1) or (2) above, 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;

(8) Municipal obligations rated "Aa/AA1" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "Aa3" by Moody's and "AA-" by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the City receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody's and S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the City or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

(10) Except as described in paragraph (6) above, ratings of Permitted Investments, referred to in the Indenture shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name within the Payment Fund established pursuant to the Indenture.

“Principal Payment Date” means a date on which the principal of the Bonds becomes due and payable as a result of the maturity thereof or by mandatory sinking fund redemption.

“Property” means the real property described in the Lease Agreement, and any improvements thereto.

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

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

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

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

“Related Documents” means the Indenture, the Ground Lease and the Lease Agreement.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through June 30, 2021 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement.

“Reserve Facilities” means, collectively, the Reserve Policy and any Additional Reserve Policies.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Insurer” means the Insurer as issuer of the Reserve Policy.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Reserve Insurer, solely with respect to and for the benefit of the Bonds, under which claims may be made in order to provide moneys in the Reserve Fund available for the purposes thereof.

“Reserve Policy Limit” has the meaning ascribed to such term in the Reserve Policy.

“Reserve Requirement” means, as of the date of any calculation, an amount equal to the least of (a) “10% of the proceeds of the issue,” within the meaning of Section 148 of the Code, with respect to the Bonds, (b) the maximum Annual Debt Service on the Outstanding Bonds, and (c) 125% of the average Annual Debt Service on the Outstanding Bonds.

“S&P” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Trustee.

“Scheduled Termination Date” means July 1, 2051.

“State” means the State of California.

"Supplemental Indenture" means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture substituted in its place as provided in the Indenture.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to the defeasance provisions of the Indenture, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of the defeasance provisions of the Indenture.

"Working Capital Expenditures" means working capital expenditures or other normal operating expenditures of the City payable, in accordance with applicable law, directly or indirectly from amounts in or derived from the General Fund.

"Working Capital Fund" means the fund by that name established in accordance with the Indenture.

"Written Certificate" and **"Written Request"** (a) of the Authority mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Representative of the Authority, and (b) of the City mean, respectively, a written certificate or written request signed in the name of the City by an Authorized Representative of the City. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

GROUND LEASE

Lease of the Property; Rental

Lease of Property. The City leases to the Authority, and the Authority leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of the Ground Lease.

Rental. (a) The Authority shall pay to the City as and for rental of the Property under the Ground Lease, the sum set forth in the Ground Lease (the "Ground Lease Payment"). The Ground Lease Payment shall be paid from the proceeds of the Bonds; provided, however, that in the event the available proceeds of the Bonds are not sufficient to enable the Authority to pay such amount in full, the remaining amount of the Ground Lease Payment shall be reduced to an amount equal to the amount of such available proceeds.

(b) The City shall deposit the Ground Lease Payment in one or more separate funds or accounts to be held and administered for the purpose of providing the funds to enable the City to address projected negative working capital in its general fund. The Authority and the City find and determine that the amount of the Ground Lease Payment does not exceed the fair market value of the leasehold interest in the Property that is conveyed under the Ground Lease by the City to the Authority. No other amounts of rental shall be due and payable by the Authority for the use and occupancy of the Property under the Ground Lease.

Quiet Enjoyment

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement for the term thereof. Subject to any rights the City may have under the Lease Agreement (in the absence of a Lease Default Event) to possession and enjoyment of the Property, the City covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term of the Ground Lease and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

Special Covenants and Provisions

Waste. At all times that the Authority is in possession of the Property, it shall not commit, suffer or permit any waste on the Property, and shall not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments. Each of the City and the Authority shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Ground Lease and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased by the Ground Lease or intended so to be or for carrying out the expressed intention of the Ground Lease, the Indenture and the Lease Agreement.

Waiver of Personal Liability. (a) All liabilities under the Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint powers authority, and the City releases each and every director, officer and employee of the Authority of and from any personal or individual liability under the Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority under the Ground Lease.

(b) All liabilities under the Ground Lease on the part of the City shall be solely liabilities of the City as a city and municipal corporation, and the Authority releases each and every member, officer and employee of the City of and from any personal or individual liability under the Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City under the Ground Lease.

Taxes. The City shall pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Representations and Warranties of the City. The City represents and warrants as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations under the Ground Lease, and has duly authorized the execution of the Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City; and

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full.

Representations and Warranties of the Authority. The Authority represents and warrants that the Authority has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations under the Ground Lease, and has duly authorized the execution and delivery of the Ground Lease.

Restrictions on City

Except with respect to Permitted Encumbrances, the City shall not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Ground Lease.

Improvements

Title to all improvements made on the Property during the term of the Ground Lease shall vest in the City.

Term; Termination

Term. The term of the Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Ground Lease; provided.

Extension; Early Termination. If, on the Scheduled Termination Date, the Bonds shall not be fully paid, or provision therefor made in accordance with the defeasance provisions of the Indenture, or amounts due to the Insurer or the Reserve Insurer, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of the Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with the defeasance provisions of the Indenture, and the Indenture shall be discharged by its terms, except that the term of the Ground Lease shall in no event be extended more than ten years. If, prior to the Scheduled Termination Date, all Bonds shall be fully paid, or provisions therefor made in accordance with the defeasance provisions of the Indenture, and the Indenture shall be discharged by its terms, the term of the Ground Lease shall end simultaneously therewith.

Miscellaneous

Binding Effect. The Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Amendments; Substitution and Release. The Ground Lease may be amended, supplemented or otherwise modified (subject to the prior written consent of the Insurer) only in accordance with the provisions of the Lease Agreement. The City shall have the right to substitute alternate real property for the Property or to release portions of the Property as provided in the Lease Agreement.

Third-Party Beneficiary. The Insurer is a third-party beneficiary of the Ground Lease.

Assignment. The Authority and City acknowledge that the Authority has assigned and transferred certain of its right, title and interest in and to the Ground Lease to the Trustee pursuant to the Indenture. The City consents to such assignment.

Governing Laws. The Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

THE LEASE AGREEMENT

Lease of Property; Term

Lease of Property. (a) The Authority leases to the City and the City leases from the Authority the Property, on the terms and conditions set forth in the Lease Agreement, and subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City's leasehold estate in the Property as lessee under the Lease Agreement and its leasehold or fee estate, as applicable, in the Property as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and of the Lease Agreement. The Lease Agreement shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of the Lease Agreement; the Lease Agreement shall not be an assignment or surrender of the leasehold interest in the Property granted to the Authority under the Ground Lease.

Occupancy; Term. (a) The City shall take possession of the Property on the Delivery Date.

(b) The term of the Lease Agreement shall commence on the Delivery Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Lease Agreement.

(c) If all of the Property shall be taken under the power of eminent domain, and the City does not elect to cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE – Substitution or Release of the Property," as provided in clause (i) of paragraph (c) summarized under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Eminent Domain" but, rather, elects to deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the redemption, pursuant to the provisions of the Indenture relating to extraordinary redemption, of all or a portion of the Outstanding Bonds, as provided in the Lease Agreement in clause (ii) of paragraph (c) summarized under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Eminent Domain" then, on the date that possession thereof shall be so taken, the term of the Lease Agreement shall terminate.

(d) If, prior to the Scheduled Termination Date, all Bonds shall be fully paid, or deemed paid in accordance with the provisions of the Indenture described under the heading "DEFEASANCE," then, on the date of such payment or deemed payment, the term of the Lease Agreement shall terminate.

(e) If on the Scheduled Termination Date, the Rental Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the term of the Lease Agreement shall be extended until the date upon which all such Rental Payments shall have been paid in full, except that the term of the Lease Agreement shall in no event be extended more than ten years beyond the Scheduled Termination Date.

(f) Upon the termination of the term of the Lease Agreement (other than as provided in the provisions of the Lease Agreement described under the heading "LEASE DEFAULT EVENTS AND REMEDIES – Lease Default Events and Remedies"), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority and the Trustee shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Rental Payments

Rental Payments. (a) Rental Payments, consisting of Base Rental Payments and Additional Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

(b) The obligation of the City to make the Rental Payments, including the Base Rental Payments, does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

(c) If the term of the Lease Agreement shall have been extended pursuant to the provisions of the Lease Agreement described under the heading "LEASE OF PROPERTY; TERM – Occupancy; Term," the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement, as so extended.

Base Rental Payments. (a) The City, subject to the provisions of the Lease Agreement described under "RENTAL PAYMENTS – Rental Abatement," shall pay Base Rental Payments to the Authority. The Base Rental Payments shall be payable on the Interest Payment Dates and the Base Rental Payment payable on each Interest Payment Date shall be equal to the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds.

(b) If the term of the Lease Agreement shall have been extended pursuant to the provisions of the Lease Agreement described under the heading "LEASE OF PROPERTY; TERM – Occupancy; Term," the Base Rental Payments shall be established so that the Base Rental Payment payable on each Interest Payment Date after the Scheduled Termination Date shall be equal to the principal, if any, of and interest on the Bonds remaining due and payable on such Interest Payment Date; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. (a) The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(i) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(ii) insurance premiums for all insurance required pursuant to the provisions of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN;" and

(iii) all other payments not constituting Base Rental Payments required to be paid by the City pursuant to the provisions of the Lease Agreement, including any other amounts payable to the Insurer or the Reserve Insurer, including Insurer Expenses.

(b) Amounts constituting Additional Rental Payments payable under the Lease Agreement shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value. The parties to the Lease Agreement have agreed and determined that the Fair Rental Value of the Property is not less than the amount indicated in the Lease Agreement as of the Delivery Date. In making such determinations of Fair Rental Value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom that will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Payment Provisions. Each installment of Base Rental Payments payable under the Lease Agreement shall be paid in lawful money of the United States of America to or upon the order of the Authority at the Principal Office of the Trustee, or such other place or entity as the Authority shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment that shall not be paid by the City when due and payable under the terms of the Lease Agreement shall bear interest from the date when the same is due under the Lease Agreement until the same shall be paid (a) at the Insurer Rate to the extent that (i) such Base Rental Payment has been paid to the Owners, on behalf of the City, by the Insurer pursuant to the Insurance Policy or (ii) such Base Rental Payment has been paid to the Owners, on behalf of the City, from moneys on deposit in the Reserve Fund as a result of a payment under the Reserve Policy, or (b) in all other cases, at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination.

Appropriations Covenant. The City shall take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the City contained in the Lease Agreement shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Rental Abatement. (a) Except as otherwise specifically provided in the provisions of the Lease Agreement summarized under this heading ("– Rental Abatement"), during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The City and the

Authority shall, in a reasonable manner and in good faith, determine the amount of such abatement; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall provide the Trustee and the Insurer with a certificate setting forth the amount of abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed.

(b) Notwithstanding the foregoing, to the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments, Rental Payments shall not be abated as provided in the Lease Agreement summarized in paragraph (a) above but, rather, shall be payable by the City as a special obligation payable solely from such Net Proceeds.

Quiet Enjoyment; Maintenance; Alterations; Liens

Quiet Enjoyment. The Authority covenants and agrees that it will not take any action to prevent the City, so long as the City is keeping and performing the covenants and agreements contained in the Lease Agreement, from having quiet and peaceable possession and enjoyment of the Property during the term of the Lease Agreement.

Net-Net-Net Lease. The Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Right of Entry. The Authority shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Lease Agreement, and for all other lawful purposes. The Insurer shall have the right to enter upon and to examine and inspect the Property during reasonable business hours, and in emergencies at all times, for any reasonable purpose connected with the Insurer's rights or obligations under the Lease Agreement.

Maintenance and Utilities. Throughout the term of the Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Additions to Property. Subject to the provisions of the Lease Agreement described under the heading "QUIET ENJOYMENT; MAINTENANCE; ALTERATIONS; LIENS – Mechanics', Etc. Liens," the City and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to the provisions of the Lease Agreement summarized in this paragraph, shall be of a value that is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items; and the Property, upon completion of any installations, modifications or removals made pursuant to the provisions of the Lease Agreement summarized in this paragraph, shall be of a value that is at least equal to the value of the Property immediately prior to the making of such installations, modifications or removals. Nothing in the Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to the provisions of the Lease Agreement summarized in this paragraph under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Mechanics', Etc. Liens. In the event the City shall at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and that may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Other Liens. The City shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability that materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained in the Lease Agreement, or from its obligation thereunder to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

Insurance; Net Proceeds; Eminent Domain

Public Liability and Property Damage Insurance; Workers' Compensation Insurance. (a) The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard comprehensive general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The City's obligations under the Lease Agreement summarized under this heading ("INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Public Liability and Property Damage Insurance; Workers' Compensation Insurance") may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Self-Insurance."

(b) The City shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and flood) to the full insurable value of the Property, subject to a $100,000 loss deductible provision, unless some other deductible is acceptable to the Insurer. Full insurable value shall not be less than the aggregate principal amount of the Outstanding Bonds. The Net Proceeds of such casualty insurance shall be applied as provided in the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Damage or Destruction." The City's obligations under the Lease Agreement summarized under this heading ("INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Public Liability and Property Damage Insurance; Workers' Compensation Insurance") may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Self-Insurance."

(c) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to the provisions of the Lease Agreement summarized in paragraph (b) above in an amount equal to the lesser of (i) the amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period or (ii) such lesser amount as may be agreed to by the Insurer. The Net Proceeds of such rental interruption insurance shall be applied to the payment of Rental Payments during the period in which, as a result of the damage or destruction to the Property that resulted in the receipt of such Net Proceeds, there is substantial interference with the City's right to the use or occupancy of the Property. The City's obligations under the provisions of the Lease Agreement summarized in this paragraph may not be satisfied by self-insurance.

(d) The insurance required by the Lease Agreement summarized under this heading ("INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Public Liability and Property Damage Insurance; Workers' Compensation Insurance") shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of the City's professionally qualified risk manager or an independent insurance consultant, to be adequate for the purposes of the Lease Agreement.

Title Insurance. The City shall provide, on the Delivery Date, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the City in the Property (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate under the Lease Agreement in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. The Net Proceeds of such title insurance shall be applied as described in the provisions of the Lease Agreement under "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Net Proceeds of Title Insurance."

Additional Insurance Provision; Form of Policies. (a) The City shall pay or cause to be paid when due the premiums for all insurance policies required by the provisions of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Public Liability and Property Damage Insurance; Workers' Compensation Insurance," and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall contain a standard lessee clause in favor of the Trustee and the general liability insurance policies shall be endorsed to show the Trustee, as an additional insured. All such policies shall provide that the Trustee and the Insurer shall be given 30 days' notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City; provided, however, that the City shall not agree to any adjustment, compromise or settlement without the Insurer's written consent.

(b) The City shall cause to be delivered to the Trustee and the Insurer, on or before August 15 of each year, commencing August 15, 2021, a schedule of the insurance policies being maintained in accordance with the Lease Agreement and a Written Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN." The City shall, upon request of the Insurer, deliver to the Insurer certificates or duplicate originals or certified copies of each insurance policy described in such schedule. The Trustee shall be entitled to rely upon said Written Certificate of the City as to the City's compliance with the provisions of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN." Neither the Trustee nor the Insurer shall be responsible for the sufficiency of coverage or amounts of such policies. All policies of insurance required by the Lease Agreement shall be in form satisfactory to the Insurer.

Self-Insurance. (a) Any self-insurance maintained by the City pursuant to the provisions of the Lease Agreement described under the heading "INSURANCE; NET PROCEEDS; EMINENT DOMAIN" shall comply with the following terms:

(i) the self-insurance program shall be approved in writing by the Insurer and the City's professionally certified risk manager or by an independent insurance consultant;

(ii) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on a bi-annual basis by the City's professionally certified risk manager or by an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the City's professionally certified risk manager or such independent insurance consultant, as applicable; and

(iii) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the City's professionally certified risk manager or by an independent insurance consultant, shall be maintained.

(b) All statements of self-insurance provided in accordance with the Lease Agreement shall be in form satisfactory to the Insurer.

Damage or Destruction. (a) If the Property or any portion thereof shall be damaged or destroyed, the City shall, within 30 days of the occurrence of the event of damage or destruction, notify the Trustee in writing of the City's determination as to whether or not such damage or destruction will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement."

(b) If the City determines that such damage or destruction will not result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof.

(c) If the City determines that such damage or destruction will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," then the City shall (i) apply sufficient funds from the Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of such damage or destruction and other legally available funds to the repair or replacement of the Property or the portions thereof that have been damaged or destroyed to the condition that existed prior to such damage or destruction, provided that, within 40 days of the occurrence of the event of damage or destruction, the City delivers to the Trustee a Written Certificate of the City (A) certifying that the City has sufficient funds to so complete such repair or replacement of the Property or such portions thereof and identifying such funds and the location thereof, and (B) stating that such funds will not be used for any other purpose until such repair or replacement is completed, (ii) within 60 days of the occurrence of the event of damage or destruction, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE – Substitution or Release of the Property," or (iii) within 60 days of the occurrence of the event of damage or destruction, deliver sufficient funds from such Net Proceeds and other legally available funds to the Trustee for the application to the redemption, pursuant to the extraordinary redemption provisions of the Indenture (A) of all of the Outstanding Bonds, or (B) of such portion of the Outstanding Bonds as shall result in (I) the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the City delivered to the Trustee, being at least equal to 105% of the maximum amount of the principal (including principal due and payable by reason of mandatory sinking fund redemption of such Bonds) of and interest on the Bonds coming due in the then current Rental Period or any subsequent Rental Period, and (II) the fair replacement value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the City delivered to the Trustee, being at least equal to the aggregate principal amount of the Bonds then Outstanding.

Title Insurance. (a) If a defect in title to the Property results in the creation of a right to receive Net Proceeds under any policy of title insurance with respect to the Property or any portion thereof, the City shall, within 30 days of the creation of such right, notify the Trustee in writing of the City's determination as to whether or not such title defect will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement."

(b) If the City determines that such title defect will not result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL

PAYMENTS – Rental Abatement," such Net Proceeds shall be remitted to the City and used for any lawful purpose thereof.

(c) If the City determines that such title defect will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," then the City shall (i) within 60 days of the creation of such right to receive such Net Proceeds, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE – Substitution or Release of the Property," or (ii) immediately upon receipt thereof, deliver or cause to be delivered such Net Proceeds to the Trustee for the application to the redemption, pursuant to the extraordinary redemption provisions of the Indenture, of all or a portion of the Outstanding Bonds.

Eminent Domain. (a) If all or a portion of the Property shall be taken under the power of eminent domain, the City shall, no later than 45 days prior to the day that possession thereof shall be so taken, notify the Trustee in writing of the City's determination as to whether or not such taking will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement."

(b) If the City determines that such taking will not result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," any award made in eminent domain proceedings for such taking shall be remitted to the City and used for any lawful purpose thereof.

(c) If the City determines that such taking will result in a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," then the City shall (i) no later than 60 days prior to the day that possession thereof shall be so taken, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE – Substitution or Release of the Property," or (ii) immediately upon receipt thereof, deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the redemption, pursuant to the extraordinary redemptions provisions of the Indenture, of all or a portion of the Outstanding Bonds.

Representations; Covenants

Representations of the City. The City represents and warrants (a) that the City has the full power and authority to enter into, to execute and to deliver the Lease Agreement and to perform all of its duties and obligations under the Lease Agreement, and has duly authorized the execution and delivery of the Lease Agreement, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Authority. The Authority represents and warrants that the Authority has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Indenture.

Recordation. The City shall record, or cause to be recorded, with the Orange County Recorder, the Lease Agreement and the Ground Lease, or memoranda thereof, and a memorandum of the assignment of the City's right, title and interest in and to the Ground Lease and the Lease Agreement pursuant to the provisions of the Indenture described under "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Pledge and Assignment."

Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Lease Agreement.

Other Liens. The City shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability that materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained in the Lease Agreement, or from its obligation under the Lease Agreement to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

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

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

No Liability; Indemnification. (a) The Authority and the Insurer and all directors, officers, agents and employees thereof, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority, the Insurer and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority, the Insurer and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (i) any condition of the Property and the adjoining sidewalks and passageways, (ii) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to the Lease Agreement, (iii) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (iv) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in the Lease Agreement described under the heading "REPRESENTATIONS; COVENANTS – No Liability; Indemnification," but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority, the Insurer or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority, the Insurer or the Trustee or such director, member, officer or employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority, the Insurer or the Trustee or such director, member, officer or employee thereof.

(b) In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the City's use of the Property.

Further Assurances. The City shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Lease Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided in the Lease Agreement.

Lease Default Events and Remedies

Lease Default Events and Remedies. (a) If (i) the City shall fail (A) to pay any Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained in the Lease Agreement to be kept or performed by the City, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the City by the Trustee, the Insurer, the Authority, or the Owners of not less than 5% of the aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute a Lease Default Event under the Lease Agreement if corrective action is instituted by the City within such 30 day period, the Insurer consents in writing to an extended period of time, and the City shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless consented to by the Trustee and the Insurer, such period of time shall not exceed 180 days, (ii) except as otherwise provided in the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE," the City's interest in the Lease Agreement or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, (iii) the City or the Authority shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute, or (iv) the City shall fail to observe and perform any of the covenants, agreements or conditions on its part in the Indenture contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the City by the Trustee, the Insurer, the Authority or the Owners of not less than 5% of the aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute a Lease Default Event under the Lease Agreement if corrective action is instituted by the City within such 30 day period, the Insurer consents in writing to an extended period of time, and the City shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless consented to by the Trustee and the Insurer, such period of time shall not exceed 180 days, such failure or event shall constitute a Lease Default Event under the Lease Agreement.

(b) Upon the occurrence of any Lease Default Event under the Lease Agreement, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(i) To terminate the Lease Agreement in the manner provided on account of such Lease Default Event, notwithstanding any re-entry or re-letting of the Property as provided for in the Lease Agreement as summarized in paragraph (ii) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of such Lease Default Event, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Lease Agreement shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of a Lease Default Event under the Lease Agreement shall be or become effective by operation of law or acts of the parties to the Lease Agreement, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(ii) Without terminating the Lease Agreement, (A) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (B) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate the Lease Agreement in the manner provided for in the Lease Agreement as summarized in paragraph (i) above, the City shall remain liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said

Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as provided above for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Lease Agreement, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as provided in the Lease Agreement, the City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of the Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, upon the occurrence of a Lease Default Event under the Lease Agreement, the right to terminate the Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in the Lease Agreement as summarized in paragraph (i) above. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City waives any and all claims for damages caused or that may be caused by the Authority in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(c) In addition to the other remedies set forth in the provisions of the Lease Agreement described under the heading "LEASE DEFAULT EVENTS AND REMEDIES – Lease Default Events and Remedies," upon the occurrence of a Lease Default Event under the Lease Agreement, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its board, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(i) *Accounting.* By action or suit in equity to require the City and its board, officers and employees and its assigns to account as the trustee of an express trust.

(ii) *Injunction*. By action or suit in equity to enjoin any acts or things that may be unlawful or in violation of the rights of the Authority.

(iii) *Mandamus.* By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its board, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Lease Agreement.

(d) Each and all of the remedies given to the Authority under the Lease Agreement or by any law enacted are cumulative and the single or partial exercise of any right, power or privilege under the Lease Agreement shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in the provisions of the Lease Agreement described under the heading "LEASE DEFAULT EVENTS AND REMEDIES – Lease Default Events and Remedies" shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority under the Lease Agreement, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

(e) In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Lease Agreement.

(f) Notwithstanding anything to the contrary contained in the Lease Agreement, the Authority shall have no right upon a default by the City under the Lease Agreement, a Lease Default Event thereunder or otherwise to accelerate Rental Payments.

(g) Notwithstanding anything in the Lease Agreement to the contrary, the termination of the Lease Agreement by the Authority on account of a Lease Default Event thereunder shall not effect or result in a termination of the lease of the Property by the City to the Authority pursuant to the Ground Lease.

(h) Notwithstanding anything to the contrary contained in the Lease Agreement, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, no remedy shall be exercised under the Lease Agreement without the prior written consent of the Insurer and the Insurer shall have the right to direct the exercise of any remedy under the Lease Agreement.

Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering the Lease Agreement be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition of the Lease Agreement, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments under the Lease Agreement shall not be, or be construed to be, a waiver of any term, covenant or condition of the Lease Agreement.

Amendments; Assignment and Subleasing; Substitution or Release

Amendments. (a) The Lease Agreement and the Ground Lease, and the rights and obligations of the Authority and the City thereunder, may be amended at any time by an amendment thereto which shall become binding upon execution by the City and the Authority, but only with the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) and the Owners of a majority of the aggregate principal amount the Bonds then Outstanding, provided that no such amendment shall (i) extend the payment date of any Base Rental Payment or reduce any Base Rental Payment, without the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) and the Owner of each Bond so affected, or (ii) reduce the percentage of the aggregate principal amount the Bonds, the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease, without the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) and the Owners of all the Bonds then Outstanding.

(b) The Lease Agreement and the Ground Lease, and the rights and obligations of the City and the Authority thereunder, may also be amended at any time by an amendment thereto, which shall become binding upon execution by the City and the Authority, with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), but without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed in the Lease Agreement or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved in the Lease Agreement or therein to or conferred in the Lease Agreement or therein on the Authority or the City;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Lease Agreement or therein or in regard to questions arising under the Lease Agreement or thereunder that the Authority or the City may deem desirable or necessary and not inconsistent with the Lease Agreement or therewith, and that shall not materially adversely affect the rights or interests of the Owners;

(iii) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE – Substitution or Release of the Property;" or

(iv) to make such other changes in the Lease Agreement or therein or modifications to the Lease Agreement or thereto as the Authority or the City may deem desirable or necessary, and that shall not materially adversely affect the interests of the Insurer or the Owners.

Assignment and Subleasing. Neither the Lease Agreement nor any interest of the City thereunder shall be sold, mortgaged, pledged, assigned or transferred by the City by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the City, with the prior written consent of the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policy) and, provided further that any such sublease shall be subject to all of the following conditions:

(a) the Lease Agreement and the obligation of the City to make all Rental Payments thereunder shall remain the primary obligation of the City;

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

(c) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a Lease Default Event thereunder.

Substitution or Release of the Property. The City shall have the right, but only with the written consent of the Insurer, to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release pursuant to the Lease Agreement, there shall be no reduction in or abatement of the Base Rental Payments due from the City under the Lease Agreement as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are made conditions precedent to such substitution or release:

(a) an independent certified real estate appraiser selected by the City shall have found (and shall have delivered a certificate to the City, the Insurer and the Trustee setting forth its findings) that the Property, as constituted after such substitution or release (i) has an annual fair rental value greater than or equal to 105% of the maximum amount of the principal of and interest on the Bonds coming due in the then current Rental Period or any subsequent Rental Period, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds), (ii) has a fair replacement value at least equal to the aggregate principal amount of the Bonds then Outstanding, and (iii) has a useful life equal to or greater than the useful life of the Property, as constituted prior to such substitution or release;

(b) the City shall have obtained or caused to be obtained an CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property (which fair market value shall have been determined by an independent certified real estate appraiser), of the type and with the endorsements described in the provisions of the Lease Agreement described under "INSURANCE; NET PROCEEDS; EMINENT DOMAIN – Title Insurance;"

(c) the City shall have certified to the Trustee that the substituted real property is of approximately the same degree of essentiality to the City as the portion of the Property for which it is being substituted; and

(d) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the Orange County Recorder, any document necessary to reconvey to the City the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease.

Assignment to Trustee. The City understands and agrees that, upon the execution and delivery of the Indenture (which is occurring simultaneously with the execution and delivery of the Lease Agreement), certain right, title and interest of the Authority in and to the Lease Agreement will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Bonds. The City consents to such sale, assignment and transfer. Upon the execution and delivery of the Indenture, references in the operative provisions of the Lease Agreement to the Authority shall be deemed to be references to the Trustee, as assignee of the Authority.

Rights of Insurer. As long as the Insurance Policy is in effect and no Insurer Default has occurred and is continuing, the Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies, including but not limited to approval of or consent to any amendment of or supplement to the Lease Agreement and the Ground Lease which requires the consent or approval of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding; provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to the Lease Agreement or the Ground Lease which seeks to amend or supplement the Lease Agreement or the Ground Lease for the purposes set forth in clause (i) or (ii) of paragraph (b) of the provisions of the Lease Agreement described under the heading "AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSITUTION OR RELEASE – Amendments," and, provided, further, that the Insurer shall not be deemed the sole and exclusive Owner of the Outstanding Bonds for such purposes, and shall not have the right to direct or consent to City, Authority, Trustee or Owner action, if an Insurer Default has occurred or is continuing.

The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain Outstanding, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the real property subject to the Lease Agreement, the value of the real property subject to the Lease Agreement shall not be less than the amount sufficient to pay Base Rental Payments.

Third-Party Beneficiary. The Insurer is a third-party beneficiary of the Lease Agreement.

Governing Laws. The Lease Agreement shall be governed by and construed in accordance with the laws of the State.

INDENTURE

Certain Provisions of the Bonds

Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be available for inspection and copying by the Authority and the City during regular business hours and upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange of Bonds. (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds pursuant to the Indenture during the period established by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Book-Entry System. (a) The Bonds shall initially be issued as Book-Entry Bonds, and the Bonds of each maturity date shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial issuance, the ownership of each Bond shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address that is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Authority, the City and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Authority, the City and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Authority, the City and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Authority, the City and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority, the City or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Authority, the Authority, the City and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Authority shall discontinue the Book-Entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully-registered Bond for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture described under the headings "CERTAIN PROVISIONS OF THE BONDS – Transfer and Exchange of Bonds," "—Bonds Mutilated, Lost, Destroyed or Stolen" and "—Temporary Bonds." Whenever the Depository requests the Authority to do so, the Authority shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of the Indenture to the contrary, if the Depository is the sole Owner of the Bonds, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to the Indenture by the Authority, the City or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

<u>Bonds Mutilated, Lost, Destroyed or Stolen</u>. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of

preparing each replacement Bond issued under the provisions of the Indenture summarized in this paragraph and of the expenses that may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture summarized in this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

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

Pledge and Assignment; Funds and Accounts

Pledge and Assignment. (a) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Authority pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Lease Revenues and any other amounts held in the funds and accounts established under the Indenture. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Authority, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(b) The Authority assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Lease Agreement in the event of a default by the City thereunder; provided, however, that the Trustee shall not be required to perform any of the substantive obligations of the Authority under the Lease Agreement, and, provided, further that Authority shall retain the rights to indemnification, to give consents and approvals thereunder, and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. The Trustee accepts said assignment for the benefit of the Owners, subject to the provisions of the Indenture.

(c) The Trustee shall be entitled to and shall receive all of the Base Rental Payments, and any Base Rental Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Payment Fund. (a) The Trustee shall establish and maintain a special fund designated the "Payment Fund." Within the Payment Fund, the Trustee shall establish and maintain a separate account designated the "Interest Account" and a separate account designated the "Principal Account." On the Closing Date, the Trustee shall deposit in the Interest Account the amount required to be deposited therein pursuant to the Indenture.

(b) All Lease Revenues received by the Trustee shall be deposited by the Trustee in the Payment Fund; provided, however, that Net Proceeds, other than those constituting proceeds of rental interruption insurance received with respect to the Property, shall not be deposited in the Payment Fund but, rather, shall be applied as provided in the provisions of the Indenture described under the headings "NET PROCEEDS AND TITLE INSURANCE; COVENANTS – Application of Net Proceeds" or "— Title Insurance," as applicable.

(c) The Trustee, on each Interest Payment Date, shall transfer from the Payment Fund to the Interest Account an amount equal to the interest on the Bonds coming due on such Interest Payment Date. In the event that, on an Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account. On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable. In the event that, on such Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture described under the heading "EVENTS OF DEFAULT AND REMEDIES – Application of Amounts After Default."

(d) The Trustee, on each Principal Payment Date, shall transfer from the Payment Fund to the Principal Account an amount equal to the principal of the Bonds, including principal due and payable by reason of mandatory sinking fund redemption, coming due on such date. In the event that, on a Principal Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Principal Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Principal Account. On each Principal Payment Date, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable. In the event that, on such Principal Payment Date, amounts in the Principal Account are insufficient to pay the principal due and payable on such Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture described under the heading "EVENTS OF DEFAULT AND REMEDIES – Application of Amounts After Default."

Reserve Fund. (a) The Trustee shall establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the Trustee shall deposit in the Reserve Fund the Reserve Policy. There shall additionally be deposited in the Reserve Fund any amounts paid by the Insurer pursuant to a claim on the Reserve Policy and any amounts paid by the issuer of any Additional Reserve Policy pursuant to a claim on such Additional Reserve Policy.

(b) The Authority and the City may, with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), substitute an Additional Reserve Policy for all or part of the moneys on deposit in the Reserve Fund by depositing such Additional Reserve Policy with the Trustee, provided that, at the time of such substitution, the amount on deposit in the Reserve Fund, together with the amount available under all Reserve Facilities, shall be at least equal to the Reserve Requirement. Moneys for which an Additional Reserve Policy has been substituted as provided in the Indenture shall be transferred, at the election of the Authority (i) to the Redemption Fund to be applied to the optional redemption of Bonds or, (ii) to the Authority to pay Working Capital Expenditures or any other costs to which general fund moneys of the City may be legally applied.

(c) In the event that, on the date five Business Day prior to an Interest Payment Date (i) amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, and/or (ii) amounts in the Principal Account are insufficient to pay the principal, if any, of the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account and/or Principal Account. If, on such date, the amount on deposit in the Reserve Fund is not sufficient to make any such transfer, the Trustee shall make a claim under each available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required; provided, however, if and to the extent that, in addition to the Reserve Policy, an Additional Reserve Policy is credited to the Reserve Fund, drawings thereunder and under the Reserve Policy shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder). Amounts on deposit in the Reserve Fund which were not derived from payments under any Reserve Facility credited to the Reserve Fund to satisfy a portion of the Reserve Requirement shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and, if a claim is required to be made thereon, provide notice to the Insurer in accordance with the Reserve Policy at least five Business Days prior to each Interest Payment Date. The phrase "coverage then available" means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Facility without regard to the legal or financial ability or willingness of the issuer thereof to honor a claim or draw thereon or the failure of such issuer to honor any such claim or draw.

(d) Repayment of draws on each Reserve Facility, payment to the issuer of such Reserve Facility of administrative expenses related to such draw and payment to the issuer of such Reserve Facility of interest due with respect to such draw and administrative expenses shall be made prior to replenishment of any cash amounts. Repayment to the issuers of Reserve Facilities of draws thereon, of payment of administrative expenses related to such draws and payment to such issuers of interest due with respect to such draws and administrative expenses shall be made on a pro-rata basis.

(e) The following provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund" shall be applicable to the Reserve Policy:

> (i) If a draw has been made on the Reserve Policy, the Trustee shall, from the deposits to the Reserve Fund made pursuant to paragraph (f) below, repay the Reserve Insurer for such draw, pay the Reserve Insurer for any Insurer Expenses related to such draw and pay the Reserve Insurer interest on such draw and Insurer Expenses from the date of payment by the Reserve Insurer at the Insurer Rate. Amounts so paid to the Reserve Insurer shall be applied, first, to such interest due, second, to such Insurer Expenses due and, third, to repayment of such draw. As and to the extent that payments are made to the Reserve Insurer in repayment of such draw, the coverage under the Reserve Policy shall be increased by a like amount, subject to the terms of the Reserve Policy.
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> (ii) Upon failure to pay any amounts owing to the Reserve Insurer in pursuant to paragraph (i), above, the Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Bonds.

(iii) The Indenture shall not be discharged until all amounts owing to the Reserve Insurer pursuant to paragraph (i), above, shall have been paid in full. The obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(iv) The Reserve Policy shall expire on the earlier of the date the Bonds are no longer Outstanding and the final maturity date of the Bonds.

(f) If the sum of the amount on deposit in the Reserve Fund, plus the amount available under any Reserve Facilities, is less than the Reserve Requirement, then the first of Base Rental Payments thereafter received from the City under the Lease Agreement and not needed to pay the principal of or interest on the Bonds on the next Interest Payment Date or Principal Payment Date shall be used, first, to reinstate the amounts available under the Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Fund, so that the amount available under the Reserve Facilities, when added to the amount on deposit in the Reserve Fund, shall equal the Reserve Requirement.

(g) Whenever Bonds are to be optionally redeemed pursuant to the Indenture, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to the provisions described in the Indenture under the heading "DEFEASANCE – Bonds Deemed to Have Been Paid," be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed. Notwithstanding the foregoing, no claim on any Reserve Facility shall be made for the purpose of providing moneys to be applied pursuant to the provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund," and no moneys derived from a claim on any Reserve Facility shall be applied pursuant to the provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund."

(h) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Authority, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds. Notwithstanding the foregoing, no claim on any Reserve Facility shall be made for the purpose of providing moneys to be applied pursuant to the provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund," and no moneys derived from a claim on any Reserve Facility shall be applied pursuant to the provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund."

(i) If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

Redemption Fund. (a) The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund (i) amounts received from the City in connection with the City's exercise of its right pursuant to the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Prepayment" to cause Bonds to be optionally redeemed, (ii) any amounts required to be deposited therein pursuant to the provisions of the Indenture described under the headings "NET PROCEEDS AND TITLE INSURANCE; COVENANTS – Application of Net Proceeds" or "—Title Insurance," and (iii) amounts required to be transferred thereto pursuant to the provisions described in the Indenture under paragraph (d) of the heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund."

(b) Amounts in the Redemption Fund shall be disbursed therefrom by the Trustee for the payment of the Redemption Price of, and accrued interest on, Bonds redeemed pursuant to the extraordinary or optional redemption provisions of the Indenture.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the City stating (i) the Person to whom payment is to be made and instructions for such payment, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Interest Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

Working Capital Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Working Capital Fund." On the Closing Date, the Trustee shall deposit in the Working Capital Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Working Capital Fund shall be withdrawn by the Trustee and transferred to the City upon submission of a Written Request of the City stating (i) instructions for such transfer, (ii) the amount to be transferred, (iii) that the amount so transferred is to be applied to the payment of Working Capital Expenditures.

Investments. (a) Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the City received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent a timely Written Request of the City with respect to the investment of moneys in any of the funds or accounts established pursuant to the Indenture held by the Trustee, the Trustee shall invest such moneys in Permitted Investments described in paragraph (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the City specifying a specific money market fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Written Request of the City is so received, the Trustee shall hold such moneys uninvested.

(b) Any interest or profits received with respect to investments held in any of the funds or accounts established under the Indenture (other than the Reserve Fund) shall be retained therein. Any interest or profits received with respect to investments held in the Reserve Fund shall be transferred to the Interest Account; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under the Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each June 15 and December 15. In determining the market value of Permitted Investments, the Trustee may use and rely upon generally recognized pricing information services, including brokers and dealers in securities, available to it.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the City, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the provisions described in the Indenture under this heading "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Investments." For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

(e) Each of the Authority and the City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, each of the Authority and the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Authority and the City periodic cash transaction statements, which shall include details for all investment transactions made by the Trustee under the Indenture.

Net Proceeds and Title Insurance; Covenants

Application of Net Proceeds. (a) If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of the Indenture described under this heading ("NET PROCEEDS AND TITLE INSURANCE; COVENANTS – Application of Net Proceeds"), the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

(b) The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may, pursuant to a Written Request of the City, be invested by the Trustee in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

(c) Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property that were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to above.

(d) If such damage, destruction or loss was such that there resulted a substantial interference with the City's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results from such damage or destruction pursuant to the provisions of the Lease Agreement described under the heading "RENTAL PAYMENTS – Rental Abatement," then the City shall be required either to (i) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof that have been damaged to the condition that existed prior to such damage or destruction, or (ii) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, pursuant to the extraordinary redemption provisions of the Indenture (A) of all of the Outstanding Bonds, or (B) of such portion of the Outstanding Bonds as shall result in the remaining, non-abated Base Rental Payments being sufficient to pay, as and when due, the principal of and interest on the Bonds that will remain Outstanding after such redemption. If the City is required to apply funds from the insurance proceeds and other legally available funds to the redemption of Bonds in accordance with clause (ii) above, the City shall direct the Trustee, in a Written Request of the City, to transfer the funds to be applied to such redemption to the Redemption Fund and the Trustee shall transfer such funds to the Redemption Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property that was damaged or destroyed is restored to and made available to the City in substantially the same condition and annual fair rental value as that that existed prior to the damage or destruction as required by clause (i) above, or the redemption of Bonds as required by clause (ii) above, in each case as evidenced by a Written Certificate of the City to such effect, or any proceeds not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (i) above, or to use such amounts to redeem Bonds as set forth in clause (ii) above, shall be deposited in the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Any amounts not required to be so deposited into the Reserve Fund shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the City to be used for any lawful purpose.

(e) The proceeds of any award in eminent domain shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to the extraordinary redemption provisions of the Indenture.

Title Insurance. Net Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement in whole or in part of Rental Payments payable by the City under the Lease Agreement, then the City shall, in a Written Request of the City, direct the Trustee to, and the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in the extraordinary redemption provisions of the Indenture.

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of the Lease Revenues and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Compliance with Indenture. Each of the Authority and the City shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be complied with, kept, observed and performed by it.

Compliance with Ground Lease and Lease Agreement. Each of the Authority and the City shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by it and, together with the Trustee, shall enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. Each of the Authority and the City shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege owned or acquired by it, including its right to exist and carry on its businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. (a) The City shall keep the Property and all parts thereof free from judgments and materialmen’s and mechanics’ liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability that materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days’ written notice to comply therewith and failure of the City to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained in the Indenture, or from its obligation under the Indenture to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

(b) So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien thereof.

(c) Neither the Authority nor the Trustee shall encumber the Property other than in accordance with the Ground Lease, the Lease Agreement and the Indenture.

Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or thereafter developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Recordation. The City shall record, or cause to be recorded, with the Orange County Recorder, the Lease Agreement and the Ground Lease, or memoranda thereof, and a memorandum of the assignment of the City's right, title and interest in and to the Ground Lease and the Lease Agreement pursuant to the Indenture.

Continuing Disclosure. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Agreement shall not constitute an Event of Default under the Indenture; provided, however, that the Trustee may (and, at the written direction of the Participating Underwriters or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner 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.

Further Assurances. Each of the Authority and the Trustee shall make, execute and deliver any and all such further agreements, 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, the Ground Lease and the Lease Agreement.

Insurer Expenses. The Authority and the City shall punctually pay or cause to be paid the Insurer Expenses as and when due, as provided in the Indenture.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bond as and when the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable;

(c) the occurrence and continuation of a Lease Default Event;

(d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee, the Insurer, the City or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the Authority, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30 day period, the Insurer consents in writing to an extended period of time, and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless consented to by the Trustee and the Insurer, such period of time shall not exceed 180 days;

(e) failure by the City to observe and perform any of the covenants, agreements or conditions on its part in the Indenture contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the City by the Trustee, the Insurer, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the City, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the City within such 30 day period, the Insurer consents in writing to an extended period of time, and the City shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless consented to by the Trustee and the Insurer, such period of time shall not exceed 180 days; or

(f) the commencement by the Authority or the City of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. In each and every case during the continuance of an Event of Default, the Trustee may or, at the written direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, shall exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee, the Insurer or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the provisions of the Indenture described under "EVENTS OF DEFAULT AND REMEDIES – Other Remedies."

Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture or in the Bonds;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority or the City, or both, to account as if it or they were the trustee or trustees of an express trust.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Lease Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

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

(b) to the payment of all amounts then due for interest on the Bonds, ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable, with interest on the overdue interest at the rate borne by the respective Bonds;

(c) to the payment of all amounts then due for principal of the Bonds, ratably without preference or priority of any kind, according to the amounts of principal of the Bonds due and payable, with interest on the overdue principal at the rate borne by the respective Bonds; and

(d) to the extent not included in paragraph (b) above, to the payment of all amounts then due to the Insurer and to any issuer of a Reserve Facility.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture. Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

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

Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

Termination of Proceedings. If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then, subject to any such adverse determination, the Trustee, such Owner, the Authority and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owner, then in every such case the Trustee, such Owner, the Authority and the City, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Trustee, the Owners, the Authority and the City shall continue as though no such proceedings had been taken.

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

The Trustee

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default that has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party to the Indenture and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, which is (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company is) (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (iii) otherwise approved by the Insurer in writing. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of the provisions of the Indenture summarized in this paragraph, the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Authority and the City may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture summarized in paragraph (a) above, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Authority and the City, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture summarized in paragraph (a) above, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

(d) Upon removal or resignation of the Trustee, the Authority and the City shall promptly appoint a successor Trustee by an instrument in writing, which appointment shall be subject to the prior written approval of the Insurer. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in the provisions of the Indenture summarized in paragraph (a) above. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Authority or the Written Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon acceptance of appointment by a successor Trustee as provided in the provisions of the Indenture summarized in this paragraph, the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under the provisions of the Indenture summarized in paragraph (a) above, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Authority or the City, as applicable, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Authority, the City or others in accordance with the Indenture.

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

(d) No provision of the Indenture or any other document related thereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties under the Indenture through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

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

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under the provisions of the Indenture described under the headings "EVENTS OF DEFAULT AND REMEDIES" or "THE TRUSTEE" or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it under the Indenture if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions of the Indenture.

Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall have the right to accept and act upon a Written Request of the City delivered using Electronic Means. If the City elects to deliver a Written Request of the City to the Trustee using Electronic Means and the Trustee acts upon such Written Request, the Trustee's understanding of such Written Request shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Written Request and that the Trustee shall conclusively presume that Written Requests of the City that purport to have been sent by an Authorized Representative of the City have been sent by such Authorized Representative. The City shall be responsible for ensuring that only Authorized Representatives transmit such Written Requests of the City to the Trustee and that the City is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt thereof by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Written Requests of the City delivered using Electronic Means notwithstanding such directions conflict or are inconsistent with a subsequent written Written Request of the City. The City agrees (i) to assume all risks arising out of the use of Electronic Means to submit Written Requests of the City to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Written Requests of the City, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Written Requests of the City to the Trustee and that there may be more secure methods of transmitting Written Requests of the City than the method selected by the City, (iii) that the security procedures, if any, to be followed in connection with its transmission of Written Requests of the City provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances, and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. Notwithstanding the foregoing, the provisions of the Indenture summarized in this paragraph (b), and the Trustee's actions pursuant thereto, are subject to the Trustee's standard of care and limitations on liability set forth in the provisions of the Indenture described under the headings "THE TRUSTEE – Duties and Liabilities of Trustee" and "–Liability of Trustee;" provided, however, that the Trustee's reliance on a Written Request of the City that purports to have been sent by an Authorized Representative of the City delivered in accordance with the provisions of the Indenture described under this heading ("THE TRUSTEE − Right to Rely on Documents and Opinions") using Electronic Means shall not, in and of itself, be construed as negligence.

(c) The Trustee shall have the right to accept and act upon a Written Request of the Authority delivered using Electronic Means. If the Authority elects to deliver a Written Request of the Authority to the Trustee using Electronic Means and the Trustee acts upon such Written Request, the Trustee's understanding of such Written Request shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Written Request and that the Trustee shall conclusively presume that Written Requests of the Authority that purport to have been sent by an Authorized Representative of the Authority have been sent by such Authorized Representative. The Authority shall be responsible for ensuring that only Authorized Representatives transmit such Written Requests of the Authority to the Trustee and that the Authority is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt thereof by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Written Requests of the Authority delivered using Electronic Means notwithstanding such directions conflict or are inconsistent with a subsequent written Written Request of the Authority. The Authority agrees (i) to assume all risks arising out of the use of Electronic Means to submit Written Requests of the Authority to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Written Requests of the Authority, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Written Requests of the Authority to the Trustee and that there may be more secure methods of transmitting Written Requests of the Authority than the method selected by the Authority, (iii) that the security procedures, if any, to be followed in connection with its transmission of Written Requests of the Authority provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances, and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. Notwithstanding the foregoing, the provisions of the Indenture summarized in this paragraph, and the Trustee's actions pursuant to the Indenture, are subject to the Trustee's standard of care and limitations on liability set forth in the provisions of the Indenture described under the headings "THE TRUSTEE – Duties and Liabilities of Trustee" and "−Liability of Trustee;" provided, however, that the Trustee's reliance on a Written Request of the Authority that purports to have been sent by an Authorized Representative of the Authority delivered in accordance with the provisions of the Indenture described under this heading ("THE TRUSTEE − Right to Rely on Documents and Opinions") using Electronic Means shall not, in and of itself, be construed as negligence.

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

(e) The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, including with respect to compliance with the Indenture of amendments thereto or to the Lease Agreement or the Ground Lease, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Lease Revenues received by it and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority, the City and the Insurer during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Authority and the City a monthly accounting of the funds and accounts it holds under the Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Authority, the City, the Owners and their agents and representatives duly authorized in writing.

Compensation and Indemnification of the Trustee. The City shall pay to the Trustee from time to time all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture. The City shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors and employees harmless against any costs, suits, judgments, damages, liabilities, claims, expenses, including legal fees and expenses, and liabilities that it may incur in the exercise and performance of its powers and duties under the Indenture and under any related documents, including the enforcement of any remedies and the defense of any suit, and that are not due to its negligence or its willful misconduct. The duty of the City to indemnify the Trustee shall survive the resignation or removal of the Trustee and the discharge and satisfaction of the Indenture.

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners thereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into when there are filed with the Trustee the written consents of the Insurer (so long as no Insurer Default shall have occurred and be continuing) and the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture described under the heading "MISCELLANEOUS – Disqualified Bonds." No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the prior written consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Indenture, except as expressly provided in the Indenture, without the prior written consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend the provisions of the Indenture described under this heading ("SUPPLEMENTAL INDENTURES – Supplemental Indentures") without the prior written consents of the Insurer (so long as no Insurer Default shall have occurred and be continuing) and the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners under the Indenture may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the prior written consent of the Insurer (so long as no Insurer Default shall have occurred and be continuing), but without the consent of any Owners for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture that the Authority or the City may deem desirable or necessary and not inconsistent with the Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture; and

(iii) in any other respect whatsoever as the Authority or the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture.

(c) Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority or the City), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

<u>Effect of Supplemental Indenture</u>. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture described under “SUPPLEMENTAL INDENTURES,” the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the City, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

<u>Endorsement of Bonds; Preparation of New Bonds</u>. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture described under “SUPPLEMENTAL INDENTURES” may and, if the Authority or the City so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the City and the Trustee as to any modification or amendment provided for in such Supplemental Indenture and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, the City and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount, with the same interest rate and maturity shall be exchanged for such Owner’s Bond so surrendered.

Amendment of Particular Bonds. The provisions of the Indenture described under "SUPPLEMENTAL INDENTURES" shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

Discharge of Indenture. (a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture and therein, then the Owners shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority under the Indenture shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Indenture that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of the Indenture summarized in paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, each of the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the City under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of the Indenture, the obligation of the City to indemnify the Trustee pursuant to the provisions of the Indenture described under "THE TRUSTEE – Compensation and Indemnification of the Trustee" shall remain in effect and be binding upon the City.

Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the Indenture described under the heading "DEFEASANCE – Discharge of Indenture." Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture described under the heading "DEFEASANCE – Discharge of Indenture" if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the notice of redemption provisions of the Indenture, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the notice of redemption provisions of the Indenture, (ii) there shall have been deposited with the Trustee either

(A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys that shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture summarized under this heading ("DEFEASANCE – Bonds Deemed to Have Been Paid") and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond. Neither the money nor the Defeasance Securities deposited with the Trustee pursuant to the provisions of the Indenture summarized in this paragraph in connection with the deemed payment of Bonds, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to the provisions of the Indenture summarized in clause (ii) of paragraph (a) above unless the Authority or the City shall have caused to be delivered to the Authority, the City, the Insurer and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority, the City, the Insurer and the Trustee, in form and in substance acceptable to the Authority, the Insurer and the City, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to the provisions of the Indenture summarized in clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Authority, the City, the Insurer and the Trustee, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and with the prior written consent of the Insurer, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report and with the prior written consent of the Insurer, and (iii) a copy of an Opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Authority, the City, the Insurer and the Trustee, in form and in substance acceptable to the Authority, the Insurer and the City, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, the Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Authority and the City under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied. The Insurer shall be provided with final drafts of the documentation referenced in this paragraph (b) not less than five (5) Business Days prior to the funding of the escrow.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Bond Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to the provisions of the Indenture summarized in clause (ii) of paragraph (a) above have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in the provisions of the Indenture summarized in paragraph (b) above.

<u>Unclaimed Moneys</u>. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall, at the Written Request of the Authority, be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall

thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Authority for the payment of such principal, premium or interest. The Trustee shall hold any such moneys uninvested.

Insurance Policy Provisions

Insurer To Be Deemed Owner; Rights of the Insurer; Payments by the Insurer; Notices. (a) The provisions described in the Indenture under this heading "INSURANCE POLICY PROVISIONS" shall control and supersede any conflicting or inconsistent provision in the Indenture so long as no Insurer Default has occurred and is continuing.

(b) The Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies, including but not limited to approval of or consent to any amendment of or supplement to the Indenture which requires the consent or approval of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding pursuant to the Indenture; provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to the Indenture which seeks to amend or supplement the Indenture for the purposes set forth in clauses (i), (ii) or (iii) of paragraph (a) of the provisions of the Indenture described under the heading "SUPPLEMENTAL INDENTURES – Supplemental Indentures," and provided further that the Insurer shall not be deemed the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to the Indenture, and shall not have the right to direct or consent to City, Authority, Trustee or Owner action as provided in the Indenture, if an Insurer Default has occurred or is continuing.

(c) To the extent that the Insurer makes payment of any principal of or interest on the Bonds, it shall become the Owner of such portion of such Bond and the right to receive payment of such interest or principal and shall be fully subrogated to all of the Owner's rights thereunder in accordance with the terms of the Insurance Policy to the extent of such payment, including the Owner's rights to payment thereof (which subrogation rights shall include the rights of any such Owner in connection with any Insolvency Proceeding). To evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the Registration Books upon receipt of proof from the Insurer as to payment of such interest to the Owner of such Bond on which interest was paid, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the Registration Books upon surrender of such Bond by the Owner thereof to the Trustee.

(d) In the event that the principal of or interest on the Bonds shall be paid by the Insurer pursuant to the terms of the Insurance Policy, (i) such Bond shall continue to be Outstanding under the Indenture, (ii) the pledge of the amounts on deposit in the funds and accounts established under the Indenture and all covenants, agreements and other obligations of the City and the Authority under the Indenture and under the Lease Agreement shall continue to exist, (iii) the Insurer shall be fully subrogated to all of the rights of such Owner in accordance with the terms and conditions of the provisions of the Indenture summarized in paragraph (b) above and the Insurance Policy, and (iv) neither the Indenture nor the Lease Agreement shall be discharged unless and until all amounts due to the Insurer have been paid in full.

(e) If a Lease Default Event shall have occurred and be continuing, the Insurer may, regardless of whether a claim has been made under the Insurance Policy, at any time and at its sole option, pay to the Owners all or any portion of the principal of or interest on the Bonds (at a price equal to 100% of the principal of the Bonds so purchased) prior to the Principal Payment Dates thereof; provided, however, that such payment by the Insurer shall not accelerate the City's obligation to make Rental Payments under the

Lease Agreement. The Trustee shall accept such payments on behalf of the Owners and the Insurer's obligations under the Insurance Policy shall be discharged to the extent of such payments.

(f) The Insurer shall be notified (i) by the City and the Authority at least 30 days (or such lesser time as agreed by the Insurer) in advance of the execution of any amendment of or supplement to the Indenture and of any amendment to the Lease Agreement or the Ground Lease in the event consent of the Owners is not required for such amendment or supplement, (ii) by the Trustee within five (5) Business Days of the Trustee's having knowledge of the occurrence of any Lease Default Event, and (iii) by the Trustee of any redemption of the Bonds (including the principal amount, and the CUSIP numbers of, such Bonds to be redeemed) at the same time that the Owners of the Bonds to be redeemed are notified. In addition, all notices, reports, certificates and opinions (i) to be delivered to or by the Trustee or to the Owners or available at the request of the Owners pursuant to the Indenture, or (ii) to be delivered by the City or the Authority pursuant to the Lease Agreement shall also be delivered to the Insurer.

(g) The Trustee shall also notify the Insurer immediately, upon the withdrawal of amounts on deposit in the Reserve Fund, other than amounts comprising investment earnings thereon which may be withdrawn in accordance with the terms of the Indenture and withdrawals in connection with a refunding of the Bonds.

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

(i) Subject to and conditioned upon payment of any principal of or interest on the Bonds by or on behalf of the Insurer, each Owner, by its purchase of Bonds, assigns to the Insurer, but only to the extent of all payments made by the Insurer, all rights to the payment of principal of or interest on the Bonds, including, without limitation, any amounts due to the Owners in respect of securities law violations arising from the offer and sale of the Bonds, which are then due for payment. The Insurer may exercise any option, vote, right, power or the like with respect to Bonds to the extent it has made a payment of principal of or interest on the Bonds pursuant to the Insurance Policy. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to the Insurer in respect of such payments. The Trustee shall take such action and deliver such instruments as may be reasonably requested or required by the Insurer to effectuate the purpose or provisions of the Indenture described under this heading "INSURANCE POLICY PROVISIONS."

(j) The rights granted under the Indenture, the Lease Agreement or the Ground Lease to the Insurer 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 shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners, nor does such action evidence any position of the Insurer, positive or negative, as to whether Owner consent is required in addition to consent of the Insurer.

(k) The City and the Authority agree, to the extent permitted by law, to pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) any accounts established to facilitate payments under the Insurance Policy and the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights or security in the Indenture, the Lease Agreement or the Ground Lease, (iii) the pursuit of any remedies under the Indenture, the Lease Agreement or the Ground Lease, or otherwise afforded by law or equity, (iv) any amendment, waiver or other action with respect to, or related to, the Indenture, the Lease Agreement or the Ground Lease whether or not executed or completed, or (v) any litigation or other dispute in connection with the Indenture, the Lease Agreement or the Ground Lease, 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, the Lease Agreement or the Ground Lease.

(l) The Insurer shall be entitled to pay principal of or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) thereof in accordance with the Indenture, whether or not the Insurer has received a Notice (as defined in the Insurance Policy) of Nonpayment or a claim upon the Insurance Policy.

(m) The Trustee shall promptly notify the Insurer of either of the following as to which it has actual knowledge: (i) the commencement of any Insolvency Proceeding by or against the City or the Authority, and (ii) the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer (a "Preference Claim") of any payment of principal of or interest on the Bonds. Each Owner, by its purchase of Bonds, agrees that the Insurer may at any time during the continuation of an Insolvency Proceeding direct all matters relating to such Insolvency Proceeding, including, without limitation, (i) all matters relating to any Insolvency Proceeding or Preference Claim, (ii) the direction of any appeal of any order relating to any Insolvency Proceeding or Preference Claim, (iii) the posting of any surety, supersedes or performance bond pending any such appeal, and (iv) to accept or reject any plan of adjustment. In addition, each Owner of Bonds delegates and assigns to the Insurer to the fullest extent permitted by law, the rights of each Owner of Bonds in the conduct of any Insolvency Proceeding, including, without limitation, any rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Insolvency Proceedings. The Trustee acknowledges such appointment, delegation and assignment by each Owner of Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment.

(n) 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 shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(o) The City and the Authority will permit the Insurer to discuss the affairs, finances and accounts of the City and the Authority or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and the Authority and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City and the Authority on any Business Day upon reasonable prior notice.

(p) The obligations set forth in the Indenture summarized in paragraphs (k) and (m) above shall survive discharge or termination of the Indenture and the Lease Agreement.

(q) The Insurer is a third-party beneficiary of the Indenture.

Payment Procedure Under the Insurance Policy. (a) So long as no Insurer Default has occurred and is continuing and the Insurance Policy is in full force and effect, the City, the Authority and the Trustee agree to comply with the provisions described in the Indenture under this heading "Payment Procedure Under the Insurance Policy."

(b) If, on the third Business Day prior to a Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or Interest 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 Bonds due on such Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or Interest Payment Date, the Trustee shall give notice to the Insurer and to the Insurer's Fiscal Agent (if any) 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 such Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or Interest Payment Date, the Trustee shall 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 the principal of and interest on the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent (if any) 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.

(c) The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of the Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or the Insurer's election to pay said amounts prior to the Principal Payment Date pursuant to paragraph (e) of the provisions of the Indenture described under the heading "INSURANCE POLICY PROVISIONS – Insurer To Be Deemed Owner; Rights of the Insurer; Payments by the Insurer; Notices," on its books as a reduction in the principal amount of Bonds registered to the then current Owners, whether DTC or its nominee or otherwise, and shall issue a replacement 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 Bond shall have no effect on the amount of principal or interest on the Bonds payable by the Authority or the subrogation rights of the Insurer.

(d) The Trustee shall 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 principal of and interest on the Bonds. The Insurer shall 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 shall establish a separate special purpose trust account for the benefit of Owners known as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall 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 shall be disbursed by the Trustee to Owners in the same manner as payments of principal of and interest on the Bonds are to be made with respect to the Bonds under the provisions of the Indenture. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to make payments of interest and principal with other funds available to make such payments.

If, as a result of the City's non-payment, when due, of all or a portion of a Base Rental Payment (other than a non-payment caused by an abatement of Rental Payments pursuant to the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Rental Abatement"), the Insurer has paid the principal of or interest on the Bonds pursuant to the Insurance Policy, (i) the first of Base Rental Payments thereafter received from the City under the Lease Agreement and (ii) the interest payable with respect to such delinquent Base Rental Payments, calculated at the Insurer Rate as provided in the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Payment Provisions," shall be paid to the Insurer, as the Owner of the Bonds (or portions thereof) evidencing such delinquent Base Rental Payment in repayment of such payment by the Insurer until such payment is paid in full. If, as a result of the City's non-payment of all or a portion of a Base Rental Payment (which non-payment is caused by an abatement of Rental Payments pursuant to the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Appropriations Covenant"), the Insurer has paid the principal of or interest on the Bonds pursuant to the Insurance Policy, the Insurer, as the Owner of the Bonds (or portions thereof) representing such abated Base Rental Payment, shall be entitled to receive, during the extension of the term of the Lease Agreement provided for in the provisions described in the Lease Agreement under the heading "LEASE OR PROPERTY: TERM – Occupancy; Term," any amounts paid in respect of such abated and unpaid Base Rental Payment pursuant to paragraph (b) of the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Base Rental Payments" and the provisions described in the Lease Agreement under the heading "RENTAL PAYMENTS – Payment Provisions." Any such payment by the City pursuant to the provisions described in the Indenture under this heading "Payment Procedure Under the Insurance Policy" shall be applied first to the interest component of such delinquent Base Rental Payment due the Insurer and second to the principal components of such delinquent Base Rental Payment due the Insurer.

(e) Funds held in the Policy Payments Account shall 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 Principal Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, or Interest Payment Date shall promptly be remitted to the Insurer.

Reporting Requirements.

(a) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website, the City shall provide to the Insurer the annual audited financial statements and all other information furnished pursuant to the Continuing Disclosure Agreement simultaneously with the furnishing of such information when due under the Continuing Disclosure Agreement.

(b) Within 180 days after the end of each fiscal year, the City and the Authority shall provide a Written Certificate of the City and the Authority to the Insurer certifying that the City and the Authority are not aware of any Event of Default or Lease Default Event.

(c) Upon request, the City shall provide to the Insurer the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time.

(d) The Trustee shall provide the Insurer with notice of any Event of Default or Lease Default Event within five Business Days of obtaining knowledge thereof. The City and the Authority shall provide the Insurer with notice of any Event of Default or Lease Default Event within five Business Days of obtaining knowledge thereof.

(e) The Trustee shall provide the Insurer with prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(f) The City and the Authority shall provide the Insurer with notice of the resignation or removal of the Trustee or the Depository, and the appointment of, and acceptance of duties by, any successor thereto.

(g) Each of the City, the Authority and the Trustee agrees that it will, if it has actual knowledge thereof, promptly notify the Insurer of (i) the commencement of any Insolvency Proceeding by or against the City or the Authority, and (ii) 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 Bonds.

(h) The City and the Authority shall provide the Insurer with electronic access to the original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture, the Ground Lease, the Lease Agreement, or the Bonds.

(i) The Trustee shall, at the time any report, notice or correspondence is delivered to Owners of the Bonds pursuant to the provisions hereof, deliver a copy of such report, notice or correspondence to the Insurer.

(j) The Trustee shall notify the Insurer of any failure of the City or the Authority to provide notices, certificates and other information under the Indenture or the Lease Agreement.

(k) The Insurer shall have the right to receive such additional information as it may reasonably request.

Miscellaneous

Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee is named or referred to in the Indenture, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Limitation of Rights. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Authority, the City, the Insurer, the Reserve Insurer and the Owners, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein or in the Indenture contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Authority, the City, the Insurer, the Reserve Insurer and the Owners.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Authority, the City and the Trustee if made in the manner provided in the provisions of the Indenture described under this heading "MISCELLANEOUS – Evidence of Rights of Owners."

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

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

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds that are actually known by the Trustee to be owned or held by or for the account of the Authority or the City or any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that if 100% of the Bonds are so owned or held, such Bonds shall be deemed to be Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of the provisions of the Indenture summarized in this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority shall specify in a Written Certificate of the Authority delivered to the Trustee that Bonds, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the Authority. Upon request of the Trustee, the City shall specify in a Written Certificate of the City delivered to the Trustee that Bonds, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the City.

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

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations under the Indenture.

Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

Waiver of Personal Liability. Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture shall relieve any member, officer or employee of the Authority or the

City from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or by the Indenture.

Governing Laws. The Indenture and the Bonds shall be construed and governed in accordance with the laws of the State.

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other Bonds-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the City and the Authority each believes to be reliable, but the City and the Authority take no responsibility for the completeness or accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be authenticated and issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity of the Bonds will be authenticated and issued for the Bonds 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. The information on such website is not incorporated herein by such reference or otherwise.

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 prepayments, tenders, defaults, and proposed amendments to the Indenture and Lease Agreement. 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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).

Prepayment proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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 Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of June 1, 2021, is by and among CITY OF ANAHEIM, a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America ("U.S. Bank"), in its capacity as Trustee (the "Trustee") and in its capacity as Dissemination Agent (the "Dissemination Agent").

W I T N E S S E T H :

WHEREAS, pursuant to the Indenture, dated as of June 1, 2021 (the "Indenture"), by and among the Anaheim Public Financing Authority (the "Authority"), the City and the Trustee, the Authority has issued $138,755,000 aggregate principal amount of its Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable) (the "Bonds");

WHEREAS, the Bonds are payable from the base rental payments to be made by the City pursuant to the Lease Agreement, dated as of June 1, 2021, by and between the City, as lessee, and the Authority, as lessor; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the City, the Trustee and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the last day of the sixth month after the end of the City's Fiscal Year, which date, as of the date of this Disclosure Agreement, is December 31.

"Authority" means the Anaheim Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State, and any successor thereto.

"Bonds" means the Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable).

"City" means the City of Anaheim, a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State, and its successors.

"Dissemination Agent" means U.S. Bank, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee and the then existing Dissemination Agent a written acceptance of such designation.

"Financial Obligation" means (a) a debt obligation of the City, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or (c) a guarantee of (i) a debt obligation of the City, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Indenture" means the Indenture, dated as of June 1, 2021, by and among the Authority, the City and U.S. Bank National Association, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated June 10, 2021, relating to the Bonds.

"Participating Underwriters" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"Trustee" means U.S. Bank National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The City shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for Fiscal Year 2020-21. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report from the City by the date specified in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the City and the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the preceding Fiscal Year, prepared in accordance with the generally accepted auditing standards for municipalities in the State of California. If the City's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements, in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when such audited financial statements become available.

(b) To the extent not included in the audited financial statements of the City, the Annual Report shall include the following:

(i) The principal amount of Bonds Outstanding as of the December 1 next preceding the Annual Report Date; and

(ii) Amount on deposit in the Working Capital Fund as of the December 1 next preceding the Annual Report Date.

(c) To the extent not included in the audited financial statements of the City, the Annual Report shall include the following items, providing financial and operating data (as of the end of the preceding Fiscal Year) substantially similar to that provided in the corresponding tables and charts in the Official Statement:

(i) City Principal Property Taxpayers;

(ii) City Assessed Value of Taxable Property;

(iii) City Assessed Valuations, Property Tax Rates, Secured Levies and Collection and Delinquencies;

(iv) City Tax Revenues by Source;

(v) City Assessed Value, Debt Limit and Ratio of Bonded Debt to Assessed Value and Per Capita;

(vi) City General Fund Balance Sheet;

(vii) City General Fund Summary of Revenues and Expenditures;

(viii) City Direct and Overlapping Debt;

(ix) Information in the Official Statement under the captions "CITY OF ANAHEIM FINANCES – Retirement System" and "Other Post-Employment Benefits"; and

(x) Summary of City's current Fiscal Year's investments most recently completed and accepted by City Council, including types and amounts of investments, return on investments, average yield of investments and market value of investments.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities that have been made available to the public on the MSRB website. The City shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the City; and

(x) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix) of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the 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 City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph (v) of subsection (a) of this Section, other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of holders of the Bonds;

(iii) bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional Trustee or the change of name of a Trustee; and

(viii) incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the City and inform the City of the event.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the City shall determine if such event would be material under applicable Federal securities laws.

(e) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the City and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the City, so long as such amendment does not adversely affect the rights or materially increase the obligations of the Trustee or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. In the event of a failure of the City, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur 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, and which are not due to its negligence or its willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

The Dissemination Agent has no power to enforce performance on the part of the City. The Dissemination Agent shall not be responsible for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting, and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

CITY OF ANAHEIM

By:____________________________________
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By:____________________________________
Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, AS DISSEMINATION AGENT

By:____________________________________
Authorized Signatory

EXHIBIT A

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Anaheim Public Financing Authority
Name of Issue:	Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable)
Date of Issuance:	June 22, 2021

NOTICE IS HEREBY GIVEN that the City of Anaheim (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2021, by and among the City and U.S. Bank National Association, in its capacity as Trustee and in its capacity as Dissemination Agent. [The City anticipates that such Annual Report will be filed by ____________.]

Dated: _______________

U.S. Bank National Association, as
Dissemination Agent,
on behalf of the City of Anaheim

cc: City of Anaheim

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APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Date of Delivery]

Anaheim Public Financing Authority
Anaheim, California

Anaheim Public Financing Authority
Lease Revenue Bonds
(Working Capital Financing)
Series 2021A (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Anaheim Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its $138,755,000 aggregate principal amount of Anaheim Public Financing Authority Lease Revenue Bonds (Working Capital Financing), Series 2021A (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of June 1, 2021 (the "Indenture"), by and among the Authority, the City of Anaheim (the "City"), and U.S. Bank National Association, as Trustee (the "Trustee"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Ground Lease, the Lease Agreement, opinions of counsel to the Authority, the City, the Trustee and others, certificates of the Authority, the City, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Ground Lease and the Lease Agreement.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Ground Lease and the Lease Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities and cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in the Ground Lease or the Lease Agreement or as subject to the lien of the Indenture, or the accuracy or sufficiency of the descriptions contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture.

2. The Indenture, the Ground Lease and the Lease Agreement have been duly executed and delivered by, and constitute valid and binding obligations of, the Authority.

3. The Indenture, the Ground Lease and the Lease Agreement have been duly executed and delivered by, and constitute valid and binding obligations of, the City.

4. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Lease Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

5. Interest on the Bonds is exempt from State of California personal income taxes. We observe that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

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

ANAHEIM PUBLIC FINANCING AUTHORITY • LEASE REVENUE BONDS (WORKING CAPITAL FINANCING) SERIES 2021A (FEDERALLY TAXABLE)

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