PRELIMINARY OFFICIAL STATEMENT DATED AUGUST ___, 2021

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: "AA"
(See the caption "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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, as amended, but is exempt from State of California personal income tax. See the caption "TAX MATTERS."

$513,000,000*
CITY OF SANTA ANA
2021 TAXABLE PENSION OBLIGATION BONDS, SERIES A

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

The City of Santa Ana (the "**City**") is issuing its $513,000,000* aggregate principal amount of 2021 Taxable Pension Obligation Bonds, Series A (the "**Bonds**"), pursuant to a Trust Agreement, dated as of September 1, 2021, by and between the City and U.S. Bank National Association, as trustee, and pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Bonds are being issued: (i) to pay all or a portion of the City's currently amortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System with respect to the City's defined benefit retirement plans for City employees; and (ii) to pay costs of issuance of the Bonds. See the caption "PLAN OF REFINANCING."

The Bonds will be delivered in fully registered form only, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). See the caption "THE BONDS—General" and APPENDIX F. So long as Cede & Co. is the registered owner of the Bonds, references herein to the owners of the Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Bonds.

Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022, through the maturity date of such Bonds. The Bonds will be issued in denominations of integral multiples of $5,000. The Bonds will be issued in such principal amounts, and will bear interest at the rates, payable on the dates as shown on the inside front cover page of this Official Statement. The City has not funded a reserve fund in connection with the issuance of the Bonds.

The Bonds are subject to redemption prior to maturity as described under the caption "THE BONDS."

THE OBLIGATIONS OF THE CITY UNDER THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF THE INTEREST ON AND THE PRINCIPAL OF THE BONDS WHEN DUE OR UPON PRIOR REDEMPTION, ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. SEE THE CAPTION "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR 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.

MATURITY SCHEDULE
(See inside front cover page)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the City by the City Attorney, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about September 8, 2021.

BofA Securities

Ramirez **Stifel**

Dated: _________, 2021

MATURITY SCHEDULE

$513,000,000*
CITY OF SANTA ANA
2021 TAXABLE PENSION OBLIGATION BONDS, SERIES A

BASE CUSIP†: _____

Maturity (August 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP†***

$_____ _____% Term Bond due August 1, 20__; Yield _____%; Price _____%; CUSIP†: _____

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* *Preliminary, subject to change.*
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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE CITY OF SANTA ANA AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE CITY OF SANTA ANA 2021 TAXABLE PENSION OBLIGATION BONDS, SERIES A.

THE INFORMATION UNDER THIS CAPTION HAS BEEN FURNISHED BY THE UNDERWRITERS, AND THE ISSUER MAKES NO REPRESENTATION AS TO THE ACCURACY, COMPLETENESS OR ADEQUACY OF THE INFORMATION UNDER THIS CAPTION.

COMPLIANCE WITH ANY RULES OR RESTRICTIONS OF ANY JURISDICTION RELATING TO THE OFFERING, SOLICITATION AND/OR SALE OF THE BONDS IS THE RESPONSIBILITY OF THE UNDERWRITERS, AND THE ISSUER SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY IN CONNECTION THEREWITH. NO ACTION HAS BEEN TAKEN BY THE ISSUER THAT WOULD PERMIT THE OFFERING OR SALE OF THE BONDS, OR POSSESSION OR DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR PUBLICITY MATERIAL RELATING TO THE BONDS, OR ANY INFORMATION RELATING TO THE PRICING OF THE BONDS, IN ANY NON-U.S. JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

THE BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS* OR SUBSECTION 73.3(1) OF THE *SECURITIES ACT* (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 *UNDERWRITING CONFLICTS* ("NI 33-105"), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SECURITIES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER TO ANY PERSON LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM OF THE SECURITIES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE INITIAL PURCHASERS TO PRODUCE A PROSPECTUS OR SUPPLEMENT FOR SUCH AN OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SECURITIES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SECURITIES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SECURITIES WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION); OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION, SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER FOR ANY SUCH OFFER; PROVIDED THAT NO SUCH OFFER OF THE SECURITIES SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE SECURITIES IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SECURITIES.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

PROHIBITION OF SALES TO EEA OR THE UNITED KINGDOM RETAIL INVESTORS – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II.

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT (THE "FINSA"), AND NO APPLICATION HAS BEEN OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS (1) CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA OR (2) HAS BEEN OR WILL BE FILED WITH OR APPROVED BY A SWISS REVIEW BODY PURSUANT TO ARTICLE 52 OF THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

WARNING. THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS DOCUMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) ("SFO"). THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS DOCUMENT OR ANY OTHER DOCUMENT, AND THIS DOCUMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO

`PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, OR (B) TO `PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO.25 OF 1948, AS AMENDED THE "FIEA"). IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS SINCE THE OFFERING CONSTITUTES THE PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL INVESTORS ONLY AS PROVIDED FOR IN "I" OF ARTICLE 2, PARAGRAPH 3, ITEM 2 OF THE FIEA. A TRANSFEROR OF THE BONDS SHALL NOT TRANSFER OR RESELL THEM EXCEPT WHERE A TRANSFEREE IS A QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED UNDER ARTICLE 10 OF THE CABINET OFFICE ORDINANCE CONCERNING DEFINITIONS PROVIDED IN ARTICLE 2 OF THE FIEA (THE MINISTRY OF FINANCE ORDINANCE NO.14 OF 1993, AS AMENDED).

NOTICE TO PROSPECTIVE INVESTORS IN SOUTH KOREA

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN SOUTH KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FSCMA"). THE BONDS MAY NOT BE OFFERED, REMARKETED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED, REMARKETED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS LAW OF SOUTH KOREA AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FETL")) WITHIN ONE YEAR OF THE ISSUANCE OF THE BONDS, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE SOUTH KOREAN LAWS AND REGULATIONS, INCLUDING THE FSCMA AND THE FETL.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA ("TAIWAN") AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND MAY NOT BE ISSUED, OFFERED, OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN OR RELEVANT LAWS AND REGULATIONS THAT REQUIRES A REGISTRATION, FILING OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE OUTSIDE TAIWAN BY INVESTORS RESIDING IN TAIWAN DIRECTLY, BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO

QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY TO THE EXTENT PERMITTED BY APPLICABLE LAWS OR REGULATIONS.

CITY OF SANTA ANA
COUNTY OF ORANGE, CALIFORNIA

CITY COUNCIL

Vicente Sarmiento, *Mayor*
David Penaloza, *Mayor Pro Tempore*
Phil Bacerra, *Council Member*
Johnathan Ryan Hernandez, *Council Member*
Jessie Lopez, *Council Member*
Nelida Mendoza, *Council Member*
Thai Viet Phan, *Council Member*

CITY OFFICIALS

Kristine Ridge, *City Manager*
Kathryn Downs, *Executive Director of Finance/City Treasurer*
Sergio Vidal, *Assistant Director of Finance*

CITY ATTORNEY

Sonia Carvalho

BOND COUNSEL AND DISCLOSURE COUNSEL

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

TRUSTEE

U.S. Bank National Association
Los Angeles, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by 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 or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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 a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement and the information that is contained herein are subject to completion or amendment 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 City or any other parties that are described herein since the date hereof. These securities may not be sold, nor may an offer to buy them be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements which are included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions "THE CITY" and "CITY FINANCIAL INFORMATION" and in Appendix B. As described under the caption "THE CITY—COVID-19 Outbreak" the COVID-19 pandemic is expected to materially adversely impact the City's financial condition. Historical information set forth in the Official Statement is not intended to be predictive of future results.

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. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS, BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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

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$513,000,000*
CITY OF SANTA ANA
2021 TAXABLE PENSION OBLIGATION BONDS, SERIES A

INTRODUCTION

*This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a brief description of the Official Statement. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "**State**") and any documents referred to herein do not purport to be complete, and such references are qualified in their entirety by the complete documents. This Official Statement speaks only as of its date, and the information contained herein is subject to change.*

General

This Official Statement provides certain information concerning the issuance, sale and delivery of the City of Santa Ana 2021 Taxable Pension Obligation Bonds, Series A (the "**Bonds**"), in the aggregate principal amount of $513,000,000*. The Bonds are being issued pursuant to the Trust Agreement, dated as of September 1, 2021 (the "**Trust Agreement**"), by and between the City of Santa Ana (the "**City**") and U.S. Bank National Association, Los Angeles, California, as trustee (the "**Trustee**"). For definitions of certain words and terms which are used herein but not otherwise defined, see Appendix C.

The Bonds are being issued: (i) to pay all or a portion of the City's currently amortized, unfunded accrued actuarial liability (the "**Pension Liability**") to the California Public Employees' Retirement System ("**CalPERS**") with respect to the City's defined benefit retirement plans for City employees; and (ii) to pay costs of issuance of the Bonds. See the caption "PLAN OF REFINANCING."

The obligation of the City to make all payments of interest on and principal of the Bonds when due, are absolute and unconditional, without any right of set-off or counterclaim. The Bonds are not limited as to payment to any special source of funds of the City.

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds

The City is a member of CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the City. As such, the City is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "**Retirement Law**"), and the contract, dated July 1, 1948 (as amended, the "**CalPERS Contract**"), by and between the City Council of the City (the "**City Council**") and the Board of Administration of CalPERS, to make contributions to CalPERS: (a) to fund pension benefits for City employees who are members of CalPERS; (b) to amortize the unfunded actuarial liability with respect to such pension benefits; and (c) to appropriate funds for such purposes.

The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "**Refunding Bond Law**"), to issue bonds for the purpose of refunding obligations evidenced by the CalPERS Contract. The Bonds are authorized and issued pursuant to the Trust Agreement and a resolution adopted by the City Council on March 16, 2021 (the "**Resolution**"). The proceeds of the sale of the Bonds (exclusive of amounts applied to pay costs of issuance) will be used to refund all or a portion of the City's current Pension Liability.

Validation

On March 17, 2021, the City filed a complaint in the Superior Court of the State of California for the County of Orange (the "**Court**") in a matter entitled *City of Santa Ana v. All Persons Interested et al*., (Case No. 30-2021-01191790-CU-PT-CJC) (the "**Validation Petition**"). The City filed the Validation Petition in order to seek judicial validation of the issuance of the Bonds and any future bonds issued to refund the Bonds. On June 25, 2021, the Court entered a default judgment (the "**Validation Judgment**") in favor of the City with respect to the Validation Petition. See the caption "VALIDATION."

Continuing Disclosure

The City has covenanted for the benefit of the Holders of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("**Rule 15c2-12**"). See the caption "CONTINUING DISCLOSURE" and Appendix E for a description of the specific nature of the annual report and notices of enumerated events.

Miscellaneous

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

Included herein are brief summaries of the Trust Agreement and certain documents and reports, which summaries 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. See Appendix C. 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 City and the purchasers or Holders of the Bonds. Copies of the documents are on file and available for inspection at the corporate trust office of the Trustee in Los Angeles, California. All capitalized terms used in this Official Statement and not otherwise defined have the meanings given to such terms in the Trust Agreement.

THE BONDS

General

The Depository Trust Company ("**DTC**") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity (provided that if the aggregate principal amount of any single maturity exceeds \$500,000,000, separate bond certificates shall be issued for each \$500,000,000 and any amount in excess thereof and subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. Beneficial interests in the

Bonds may be held through DTC, Clearstream Banking, S.A. or Euroclear Bank SA/NV as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system. See "APPENDIX F – BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" for a description of DTC, Clearstream Banking, S.A., Euroclear Bank SA/NV as operator of the Euroclear System, and certain of their responsibilities, and the provisions for registration and registration of transfer of the Bonds if the book-entry-only system of registration is discontinued.

The Bonds will be dated the date of delivery, mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement. The Bonds will be delivered in denominations equal to $5,000 or any integral multiple thereof. Interest on the Bonds will be payable on each February 1 and August 1, commencing February 1, 2022 (each, an "**Interest Payment Date**").

Interest on each Bond will accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon will be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon will be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Principal, premium, if any, and interest on the Bonds will be payable in currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by mail, or by wire transfer to any Holder of $1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which will not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

Optional Redemption of the Bonds*

The Bonds maturing on or after August 1, _____ may be redeemed at the option of the City from any source of funds on any date on or after August 1, _____ in whole or in part from such maturities as are selected by the City within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Make-Whole Redemption of the Bonds*

The Bonds are subject to redemption prior to _________, at the option of the City, in whole or in part (and if in part in any order of maturity selected by the City and within a maturity bearing interest at the same rate on a pro-rata basis as described below), on any date at a redemption price equal to the greater of:

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

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those 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

* *Preliminary, subject to change*

are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) plus __* basis points, plus, in each case, accrued interest on such Bonds to be redeemed to the redemption date.

For purposes of the foregoing, the following terms have the following meanings:

"Calculation Agent" means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the City (which may be one of the institutions that served as an underwriter for the Bonds).

"Comparable Treasury Issue" means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Bonds being redeemed.

"Comparable Treasury Price" means, with respect to any date on which a Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time on a date selected by the Calculation Agent which is not less than three business days and not more than 20 business days preceding the date fixed for redemption.

"Comparable Treasury Yield" means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities," or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Bonds being redeemed. The Comparable Treasury Yield will be determined no sooner than the third business day nor earlier than the twentieth calendar day preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

"Reference Treasury Dealer" means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Bonds) appointed by the District and reasonably acceptable to the Calculation Agent.

Mandatory Sinking Fund Redemption of the Bonds

The Bonds maturing August 1, 20__ (the "**Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The Term Bonds will be so redeemed on the following dates and in the following amounts:

Redemption Date (August 1)	***Principal Amount***
*	

* Final maturity.

On or before each July 15 next preceding any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and will call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before June 1 next preceding any mandatory sinking fund redemption date, it may: (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption; or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the mandatory sinking fund redemption provisions of the Trust Agreement) and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Term Bonds or portion thereof so delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the City against the obligation of the City on such mandatory sinking fund redemption date.

Selection of Bonds for Redemption

If less than all of the Bonds are called for redemption, the City will designate the maturities from which the Bonds are to be redeemed. For so long as the Bonds are registered in book entry form and DTC or a successor securities depository is the sole registered owner of such Bonds, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Bonds to be so redeemed will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

In connection with any repayment of principal of the Bonds pursuant to the pass-through distribution of principal as described above, the Paying Agent will direct DTC to make a pass-through distribution of principal to the owners of the Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments and DTC's applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where (a) the numerator is equal to the amount due to the owners of the Bonds on a payment date, and (b) the denominator is equal to the total original par amount of the Bonds.

It is the City's intent that redemption allocations made by DTC with respect to the Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, the City cannot provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of such Bonds on such basis.

If the Bonds are not registered in book-entry form and if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis, and the particular Bonds of such maturity and bearing such interest rate to be redeemed will be selected by lot, provided that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

Notice of Redemption

Notice of redemption will be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to clause (i) above will be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to clause (ii) above and the Information Services pursuant to clause (iii) above will be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

Each notice of redemption will state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, the interest rate and the stated maturity date of each Bond to be redeemed in whole or part. Each such notice will also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon will cease to accrue.

Failure to give the notices described above or any defect therein will not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

The City has the right to rescind any notice of redemption previously sent pursuant to the Trust Agreement. Any such notice of rescission will be sent in the same manner as the notice of redemption. Neither the City nor the Trustee will incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Bond Payments

The City will provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the City. If any Bonds are Outstanding, the City will, no later than three Business Days preceding each Interest Payment Date, beginning February 1, 2022, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counterclaim.

The Bonds are obligations of the City payable from any lawfully available funds, are not limited as to payment to any special source of funds of the City, and is subject to appropriation in accordance with the Trust Agreement. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Revenue Fund

There has been created pursuant to the Trust Agreement a Fund to be held by the Trustee designated as the "Revenue Fund" (the "**Revenue Fund**"). There has been created in the Revenue Fund two separate Accounts designated the "**Bond Interest Account**" and the "**Bond Principal Account**."

All amounts received by the Trustee from the City in respect of interest payments on the Bonds will be deposited in the Bond Interest Account and will be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to the Trust Agreement) will be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City will promptly deposit funds to such Account to cure such deficiency. On August 2 of each year, commencing August 2, 2022, so long as no Event of Default has occurred and is continuing, the Trustee will transfer all amounts on deposit in the Bond Interest Account to the Revenue Fund to be used for any lawful purpose.

All amounts received by the Trustee from the City in respect of principal payments on the Bonds will be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City will promptly deposit funds to such Account to cure such deficiency.

The moneys in such Fund and Accounts will be held by the Trustee in trust and applied as provided in the Trust Agreement and, pending such application, will be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

Limited Obligations

THE BONDS ARE GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM ANY LAWFULLY AVAILABLE FUNDS OF THE CITY AND ARE NOT LIMITED AS TO PAYMENT TO ANY SPECIAL SOURCE OF FUNDS OF THE CITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Additional Bonds

From time to time, the City may enter into: (a) one or more other trust agreements or indentures; and/or (b) one or more agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds. In addition, the City may pursue another validation action to issue Additional Bonds for the purpose of refunding any additional Pension Liability under the CalPERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to CalPERS. Such Additional Bonds may be issued solely on a parity with or a subordinate basis to the Bonds.

CITY PENSION PLANS

The following information is primarily derived from the City's most recent CalPERS Annual Valuation Report as of June 30, 2020 which was produced by CalPERS, its staff, independent accountants, and actuaries. 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. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS. The City's CalPERS Annual Valuation Reports are available on CalPERS' Internet website at www.calpers.ca.gov.

General

The City participates in a Miscellaneous Plan and a Safety Plan to fund pension benefits for employees. The City's pension plans are administered by CalPERS. CalPERS administers an agent multiple-employer public employee defined benefit pension plan for all of the City's full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. The City's plan benefit provisions and all other requirements are established by State statute and the City Council.

City employees are subject to different benefit levels based on their hire date, retirement age and certain other factors. Current benefit provisions for City employees are set forth in Table 1 below.

TABLE 1
City of Santa Ana
CalPERS Pension Plans – Summary of Benefit Provisions

Miscellaneous Plan

	Classic	***PEPRA***
Benefit formula	2.7% @ 55	2.0% @ 62
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Retirement age	50-60+	52 – 67+

Safety Plan

	Classic	***PEPRA***
Benefit formula	3.0% @ 50	2.7% @ 57
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Retirement age	50+	50-57+

Source: City's Fiscal Year 2020 Annual Financial Report.

California Public Employees' Pension Reform Act of 2013 (PEPRA)

Employees hired prior to January 1, 2013 who have remained under continuous employment with a CalPERS agency are considered "Classic" employees. California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") adjusted the benefit formulas, required employee contribution, calculation of benefits and maximum pay, as well as other benefits for employees hired on and after January 1, 2013, who were not previously CalPERS members or have left employment with a CalPERS agency for more than 6 months. PEPRA employees receive the following benefit formulas: (i) 2.0% at age 62 formula for Miscellaneous employees; and (ii) 2.7% at age 57 for Safety employees. PEPRA employees are required to pay 50% of the total (annual) normal cost rate, and are required to make the full amount of required employee contributions themselves under Benefits for such employees are calculated on the highest average annual compensation over a consecutive 36-month period. Retroactive benefits increases are also prohibited, as are contribution holidays, and purchases of additional non-qualified service credit.

PEPRA also capped pensionable income as noted below. Maximum amounts are set annually, subject to adjustment in accord with the Consumer Price Index. The following table sets forth the maximum pensionable income for Classic and PEPRA employees of the City.

City of Santa Ana
CalPERS Pension Compensation Limits for
Calendar Year 2021 (Classic and PEPRA members)

	Classic	***PEPRA***
Maximum Pensionable Income	$290,000	$153,671

Source: CalPERS Payroll Circular Letter 200-001-21.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of PEPRA are expected to reduce the City's unfunded pension lability and potentially reduce City contribution levels in the long term.

Annual CalPERS Contributions

The City is required to contribute the actuarially determined amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The required employer contribution is comprised of a Normal Cost (herein defined) component and a component equal to an amortized amount of the Pension Liability or Annual Unfunded Accrued Liability ("**UAL**") Payment. The Normal Cost is the annual cost of service earned by active employees for the upcoming Fiscal Year, which is expressed as a percentage of payroll. The annual UAL payment 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. The UAL is a fixed dollar annual payment, billed monthly. The City's pension cost contributions to CalPERS fluctuate each year. Many assumptions are used to estimate the ultimate liability and the contributions that will be required to meet those obligations. See "—Potential Impacts on Future Contributions."

Normal Costs

"Normal Cost Contributions" (being the amount of Normal Cost contributed annually) are based on a percentage of reportable payroll, which includes base salary plus special pays allowed by CalPERS. The City pays the entire Normal Cost Contribution, including the employee share, and in turn, employees reimburse the City for the employee share of the Normal Cost Contribution. The result is the City's Normal Cost Contribution is based on the reportable payroll plus the employee share of the Normal Cost Contribution. This arrangement is referred to as Employer Paid Member Contribution (the "**EPMC**"), which increases the employee's pensionable income. The Normal Cost Contribution for Fiscal Year 2022-23 is summarized in Table 2 below, which are based on projected payroll estimated by CalPERS.

TABLE 2
City of Santa Ana
Normal Cost Contribution as a Percentage of Payroll

Fiscal Year 2022-2023	***Miscellaneous Plan***	***Safety Plan***
Total Normal Cost Rate [(1)]	18.93%	32.14%
Employee Contribution Rate	7.70%	10.07%
Employer Contribution Rate	11.23%	22.07%
Projected Payroll	$ 71,055,915	$ 52,074,227
Employer Required Contribution	$ 7,979,580	$ 11,492,782

(1) The Employer Normal Cost is a blended rate for all benefit groups in the plan. For detail regarding the normal cost by benefit group, see "Normal Cost by Benefit Group" in the "Liabilities and Contributions" section of each respective actuarial report.
Source: CalPERS Annual Valuation Reports as of June 30, 2020.

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the current rate of 7.50% to 7.00%. The reduction of the discount rate resulted in an increase of approximately 1% to 3% to the normal cost rate as a percentage of payroll for most retirement plans over the past few years. The normal cost rates in the future are projected to decline over time as Classic employees retire and new employees are hired that are subject to PEPRA or other similar lower cost benefit tiers.

Table 3 below sets forth the projected employer contribution rates for the current and next five (5) fiscal years. This projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period.

TABLE 3
City of Santa Ana
Projected Normal Cost Employer Contributions

	2022-23	*2023-24*	*2024-25*	*2025-26*	*2026-27*	*2027-28*
Miscellaneous	11.23%	10.90%	10.50%	10.20%	10.00%	9.70%
Safety	22.07%	21.60%	20.90%	20.30%	19.60%	18.90%

Source: CalPERS Annual Valuation Reports as of June 30, 2019.

Unfunded Accrued Liability Payments

CalPERS has notified the City of the amount of the Pension Liability based on the June 30, 2020 actuarial valuation as set forth in Table 4 below, which is the most recent actuarial valuation performed by CalPERS for the City's Miscellaneous Plan and Safety Plan. The actuarial report for the Miscellaneous Plan incorporates the Classic and PEPRA plan for Miscellaneous employees. The actuarial report for the Safety Plan incorporates the Classic and PEPRA plan for Fire and Police Sworn Officers.

TABLE 4
City of Santa Ana
Unfunded Accrued Liability of CalPERS Pension Plans

	Miscellaneous Plan	*Safety Plan*	*Combined*
Accrued Liability (AL)	$ 983,234,906	$ 1,232,748,676	$ 2,215,983,582
Market Value of Assets (MVA)	660,268,312	791,080,421	1,451,348,733
Unfunded Accrued Liability (UAL)	**$ 322,966,594**	**$ 441,668,255**	**$ 764,634,849**
Percentage of UAL Funded	67.15%	64.17%	65.49%

Source: CalPERS Annual Valuation Report as of June 30, 2020.

There is a two-year lag between the valuation date and the start of the contribution fiscal year. The UAL determined in the June 30, 2020 actuarial valuation relates to the corresponding UAL Payments commence two years after the valuation date in Fiscal Year 2022-23. This two-year lag is necessary due to the amount of time needed to confirm the membership and financial data, and to provide public agencies with their required employer contribution in advance of the start of the fiscal year.

As of August 1, 2021, the projected UAL is equal to $322,966,594 for the Miscellaneous Plan and $441,668,255 for the Safety Plan, resulting in a combined total of $764,634,849.

The UAL is comprised of a series of amortization bases. The Miscellaneous Plan has 26 amortization bases and the Safety Plan has 24 amortization bases. Each amortization base has as stated balance/(credit), amortization period, and discount and escalation rate, which results in an individual amortization schedule.

The amortization schedule in Table 5 below sets forth the minimum annual UAL payment contributions required according to the CalPERS current amortization policy as of June 30, 2020 based on information provided to the City by CalPERS in July 2021. Table 5 does not reflect the issuance of the Bonds, which are expected to reduce the amounts shown therein.

TABLE 5
City of Santa Ana
UAL Amortization Schedule as of June 30, 2020

	Miscellaneous	***Safety***	***Combined***
2022	$ 29,148,807	$ 34,703,128	$ 63,851,935
2023	30,898,987	36,979,577	67,878,564
2024	32,727,869	39,338,331	72,066,200
2025	34,046,021	40,894,627	74,940,648
2026	35,303,571	42,380,314	77,683,885
2027	36,185,206	43,031,149	79,216,355
2028	31,486,132	44,084,849	75,570,981
2029	32,238,766	45,167,521	77,406,287
2030	33,036,124	46,279,967	79,316,091
2031	29,178,006	45,006,225	74,184,231
2032	28,670,434	44,655,089	73,325,523
2033	26,212,150	41,890,318	68,102,468
2034	25,129,140	40,851,852	65,980,992
2035	23,605,068	39,120,415	62,725,483
2036	20,964,180	36,057,847	57,022,027
2037	19,560,738	34,851,384	54,412,122
2038	18,263,942	33,164,984	51,428,926
2039	17,168,497	31,958,910	49,127,407
2040	16,418,467	31,361,019	47,779,486
2041	9,926,795	23,688,696	33,615,491
2042	5,279,597	20,532,662	25,812,259
2043	2,837,097	18,731,244	21,568,341
2044	--	4,558,752	4,558,752
2045	--	1,158,319	1,158,319
2046	--	104,981	104,981
Total	**$538,285,594**	**$ 820,552,160**	**$1,358,837,754**

Source: CalPERS Annual Valuation Report as of June 30, 2020.

Potential Impacts on Future Required Contributions

The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions / Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2018 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2017 actuarial report, which lowered the discount rate from 7.25% to 7.00%. The announcement on July 12, 2021 that CalPERS achieved preliminary investment returns of 21.3% could cause the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. There can be no assurance as to whether or when the CalPERS Board of Administration will consider lowering the discount rate.

Investment Performance. CalPERS earnings reports for Fiscal Years 2010 through 2020 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. On July 12, 2021, CalPERS announced preliminary investment gains of approximately 21.3% for Fiscal Year 2021. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

GASB 68 Pension Information Provided in the Audited Financial Statements

The CalPERS website contains the most recent actuarial valuation reports for the City's Miscellaneous Plan and Safety Plan and other information that concerns benefits and other matters. The comprehensive annual financial reports of CalPERS are also available on CalPERS' Internet website at www.calpers.ca.gov. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information.

*The following information has been derived primarily from the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 (the "**Annual Financial Report**"). This information has been produced by CalPERS, its independent accountants and its actuaries, for the purposes of GASB 68 (as such term is defined below) reporting. The financial figures reported in the Financial Report are different from the CalPERS actuarial reports. No attempt has been made to reconcile the difference between the pension figures used for GASB 68 reporting requirements and the information provided in the most recent June 30, 2020 CalPERS actuarial report.*

Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by Governmental Accounting Standards Board ("**GASB**") Statement No. 68 ("**GASB 68**"). GASB 68 governs the accounting treatment of defined benefit pension plans, including how expenses and liabilities are calculated and reported by state and local government employers in their financial statements.

GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's statement of net position; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City's accounting and reporting requirements, but it does not change the City's pension plan funding obligations.

In accordance with GASB 68, the City's Miscellaneous Plan had a total net pension liability of approximately $283,808,398 for the Fiscal Year ended June 30, 2019, while the City's Safety Plan had a total net pension liability of approximately $380,972,437 for the Fiscal Year ended June 30, 2019. The net pension liability is the difference between the total pension liability and the plan fiduciary net position. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For Fiscal Years 2018, 2019 and 2020, the City incurred Miscellaneous Plan pension contributions subsequent to the measurement date in the amount of (inclusive of both UAL and Normal Cost) $21,182,283, $24,143,358 and $28,459,807, respectively, and Safety Plan pension contributions subsequent to the measurement date in the amount of (inclusive of both UAL and Normal Cost) $24,212,791, $27,718,529 and $33,630,219, respectively.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2020 is set forth in Table 6 below.

TABLE 6
City of Santa Ana
Actuarial Assumptions for CalPERS Pension Plans

	Miscellaneous	***Safety***
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method in Accordance with the Requirements of GASB 68	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of projected mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Source: City's Fiscal Year 2020 Annual Financial Report

Changes in the net pension liability for the City's pension plans in the most recent Fiscal Year for which information is available is set forth in Table 7 below:

TABLE 7
City of Santa Ana
Changes in CalPERS Pension Plans Net Pension Liability

Miscellaneous Plan

	Total Pension Liability	***Increase (Decrease) in Plan Fiduciary Net Position***	***Net Pension Liability (Asset)***
Balance at June 30, 2018[(1)]	$ 898,789,769	$ 623,421,543	$ 275,368,226
Changes in the year:			
Service cost	11,557,539	-	11,557,539
Interest on total pension liability	63,170,975	-	63,170,975
Differences between expected and actual experience	1,887,415	-	1,887,415
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution from the employer	-	23,585,463	(23,585,463)
Contribution from the employees	-	4,649,932	(4,649,932)
Net investment income	-	40,383,805	(40,383,805)
Benefit payments, including refunds of employee contributions	(45,891,602)	(45,891,602)	-
Administrative expense	-	(444,887)	444,887
Other Miscellaneous Income/(Expense)	-	1,444	(1,444)
Net changes during Fiscal Year 2018-19	30,724,327	22,284,155	8,440,172
Balance at June 30, 2019[(1)]	**$ 929,514,096**	**$ 645,705,698**	**$ 283,808,398**

(1) Based on a valuation date of June 30, 2018 and a measurement date of June 30, 2019.
Source: City's Fiscal Year 2020 Annual Financial Report.

Safety Plan

	Total Pension Liability	*Increase (Decrease) in Plan Fiduciary Net Position*	*Net Pension Liability (Asset)*
Balance at June 30, 2018(1)	$1,129,044,570	$ 773,492,688	$ 355,551,882
Changes in the year:			
Service cost	13,194,125	-	13,194,125
Interest on total pension liability	79,725,420	-	79,725,420
Differences between expected and actual experience	12,947,427	-	12,947,427
Changes in assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution from the employer	-	27,159,274	(27,159,274)
Contribution from the employees	-	3,973,090	(3,973,090)
Net investment income	-	49,864,238	(49,864,238)
Benefit payments, including refunds of employee contributions	(67,096,452)	(67,096,452)	-
Administrative expense	-	(551,981)	551,981
Other miscellaneous income	-	1,796	(1,796)
Net changes during Fiscal Year 2018-19	38,770,520	13,349,965	25,420,555
Balance at June 30, 2019(1)	**$1,167,815,090**	**$ 786,842,653**	**$ 380,972,437**

(1) Based on a valuation date of June 30, 2018 and a measurement date of June 30, 2019.
Source: City's Fiscal Year 2020 Annual Financial Report.

Table 8 below sets forth the net pension liabilities of the City's pension plans, calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate (7.15%), for the measurement period ended June 30, 2019:

TABLE 8
City of Santa Ana
Sensitivity of the CalPERS Miscellaneous Pension Plans Net Pension Liability to Changes in the Discount Rate

	Miscellaneous	*Safety*
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 405,971,455	$ 530,738,457
Impact on Liability	$ 122,163,057	$ 44,900,697
	-	
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$283,808,398	$380,972,437
1% Increase	8.15%	8.15%
Net Pension Liability	$ 182,899,192	$257,656,429
Impact on Liability	$ (100,909,206)	$123,316,008

Source: City's Fiscal Year 2020 Financial Report.

The City is currently unable to quantify the effect of the COVID-19 outbreak on its pension obligations in the future, and no assurance can be provided that such expenses will not increase as in the future a result of the COVID-19 outbreak or other factors. See the captions "THE CITY—COVID-19 Outbreak" and "RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City."

For additional information relating to the City's pension plans, see Note 4 to the City's audited financial statements set forth in Appendix A and CalPERS' internet website at www.calpers.ca.gov for CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters, which information on CalPERS' internet website is not incorporated herein by reference.

PLAN OF REFINANCING

On June 25, 2021, the Court entered the Validation Judgment to the effect, among other things, that: (i) the Bonds and any and all contracts and agreements executed and delivered in connection therewith are valid, legal and binding obligations of the City and the approval thereof was in conformity with applicable provisions of law; and (ii) the City has the authority under State law to provide for the refunding of its Pension Liability and its normal annual contributions for the current fiscal year by issuing the Bonds and applying the proceeds of the Bonds to the retirement of its Pension Liability and payment of its current year normal annual contributions. On July 25, 2021, the Validation Judgment became binding and conclusive in accordance with State law. See the caption "VALIDATION."

CalPERS has notified the City as to the amount of the Pension Liability based on the June 30, 2019 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the City's Miscellaneous Plan and Safety Plan.

City of Santa Ana
Unfunded Accrued Liability of CalPERS Pension Plans

	Miscellaneous Plan	*Safety Plan*	*Combined*
Accrued Liability	$ 948,084,339	$ 1,191,809,847	$ 2,139,894,186
Market Value of Assets	645,902,345	787,086,636	1,432,988,981
Unfunded Accrued Liability	$ 302,181,994	$ 404,723,211	$ 706,905,205
Percentage of Accrued Liability Funded	68.1%	66.0%	67.0%

Source: CalPERS Actuarial Valuations as of June 30, 2019.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds and other funds are estimated to be applied as set forth below.

Sources	
Principal Amount of Bonds	$
City Contribution	
Total Sources	**$**
Uses	
Funding of Pension Liability[(1)]	
Miscellaneous Plan	$
Safety Plan	
Costs of Issuance[(2)]	
Total Uses	**$**

(1) Deposit to CalPERS Payment Fund. See the caption "PLAN OF REFINANCING."
(2) Includes Underwriter's discount, fees of rating agency, Municipal Advisor, Bond Counsel and Disclosure Counsel and the Trustee, printing costs and other costs of issuance.

FISCAL YEAR DEBT SERVICE REQUIREMENTS

The table below sets forth scheduled debt service on the Bonds, assuming no optional redemptions prior to maturity.

TABLE 9
City of Santa Ana
Debt Service Schedule

Year Ending June 30	***Principal***	***Interest***	***Total***
	$	$	$
Total	$	$	$

Source: The Underwriters. Totals may not add due to rounding.

THE CITY

General

The City is located in central Orange County (the "**County**") and was incorporated on June 1, 1886 and established as a charter city in 1952. The City encompasses approximately 27.3 square miles and had an estimated 2021 population of approximately 331,269.

Several major freeways run through and nearby the City, providing access to employment centers and recreational opportunities throughout southern California.

The City is a charter city, operating under a Council/Manager form of government. The City is governed by a City Council of seven members, six of whom are elected by district, with the Mayor being elected at-large. The City Council selects the City Manager who is responsible for day-to-day administration of the City under the policy direction of the City Council.

The City provides a full range of municipal services, including police, construction and maintenance of streets and related infrastructure, municipal utilities such as water, sewer, refuse and sanitation, recreational activities and a public library. The City has contracted with the Orange County Fire Authority and CARE Ambulance Service to provide fire suppression and emergency medical services, respectively.

Government and Administration

The City had 1,262 budgeted full time equivalent employees as of July 1, 2021. City employees are represented by seven employee associations, which represented approximately 1,251 authorized employees. Relations between the City and the employee bargaining units are governed by memoranda of understanding ("**MOU**"), four of which (covering confidential employees, full-time and part-time general employees and middle management employees) expire on June 30, 2022 and two of which (covering police employees) expire on June 30, 2021. The City has begun negotiations with the two groups with expiring MOUs, as well as the part-time civil service group with an MOU that expired June 30, 2017. A total of 11 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City operates under a Council/Manager form of government. The City Council members and the expiration dates of their respective terms are as follows:

Name	***Office***	***Term Expires***
Vicente Sarmiento	Mayor	December 2022
David Penaloza	Mayor Pro Tem	December 2022
Phil Bacerra	Council Member	December 2022
Johnathan Ryan Hernandez	Council Member	December 2024
Jessie Lopez	Council Member	December 2024
Nelida Mendoza	Council Member	December 2022
Thai Viet Phan	Council Member	December 2024

The City Council employs a City Manager to carry out its policies, to serve as executive officer of the City and to supervise the work of other City administrators. The names and backgrounds of the City Manager and some senior administrative staff are set forth below.

Kristine Ridge, City Manager. Kristine Ridge has served as the City Manager since May 2019. Ms. Ridge has worked over 30 years in local government, primarily in executive city management roles. Ms. Ridge's previously served as the City Manager for the City of Laguna Niguel prior to being appointed City Manager of the City in 2019. Prior to that Ms. Ridge worked for the City of Anaheim for 24 years, including serving as its Assistant City Manager. Ms. Ridge began her career as a financial auditor and CPA and holds a Bachelor of Science in Accounting from Arizona State University and a Masters in Organizational Leadership from Chapman University.

Steven Mendoza, Assistant City Manager. Steven A. Mendoza serves as the Assistant City Manager and Executive Director of the Community Development Agency for the City. As Assistant City Manager, Mr. Mendoza implements the vision, broad policy goals, and ongoing strategic programs of the City Council and City Manager to ensure that operations remain true to, and consistent with, the mission and General Plan and Strategic Plan of the City. Since 1989, Mr. Mendoza has advised policy makers on Economic Development, Redevelopment, Planning, Housing, Legislation and Public Works. Mr. Mendoza has worked over 30 years in local government, and previously served as the Community Development and Public Works Director for the City of Los Alamitos. Prior to that Mr. Mendoza worked for the City of Desert Hot Springs and the City of La Mirada for 18 years. Mr. Mendoza holds a Bachelor of Political Science from California State University at Fullerton and a Master in Public Administration from California State University at Long Beach.

Kathryn Downs, Executive Director of Finance and Management Services. Kathryn Downs has served as the Executive Director of Finance and Management Services since October 2018. Ms. Downs has worked over 20 years in local government. Ms. Downs previously served as the Director of Finance for the City of Carson prior to being appointed the City's Executive Director of Finance and Management Services in 2018. Prior to that, Ms. Downs worked for the City of Rancho Palos Verdes for 15 years. Ms. Downs began her career as a financial statement auditor, and holds a California CPA license and Bachelor of Business Administration with a major in accounting and a minor in management from Eastern Michigan University.

Development Activity in the City

With a population of over 300,000, the City has a constant need for ongoing residential and commercial construction. Currently, the City is aware of at least 13 large-scale residential and/or commercial construction projects that are expected to be completed between September 2021 and June 2023. These projects include apartment buildings, malls and office buildings, and based on building permits that have been issued, have a total estimated construction value in excess of $1.5 billion.

Risk Management

The City is exposed to various risks of loss related to employee injury or illness; torts; theft of, damage to and destruction of assets; errors and omissions; employer liability; and natural disasters. In July 1975, the City established Self Insurance Internal Service Funds for the administration of the City's self-insurance programs, workers' compensation and general liability claims. The City's General Liability and Workers' Compensation programs by a contracted Third Party Administrator, AdminSure, Inc. ("**AdminSure**") for all claims handling and administration. AdminSure claims adjusters estimate total losses for each claim and determines reserve requirements for the General Liability and Workers' Compensation claims programs as well as maintaining required reporting and on-going communication with risk pool personnel, City Attorney's staff, outside legal counsel and City Risk Management staff.

The City is currently in transition of risk management pool membership regarding the general liability and workers' compensation excess coverage. The City is currently managing the remainder of general liability claims with dates of incident prior to July 1, 2019 under Big Independent Cities Excess Pool ("**BICEP"**), a public entity risk pool established to pool resources, share risks, and purchase excess insurance. The City's relationship with BICEP will continue until all claims in the relative period are resolved or otherwise transferred to another entity. Each BICEP member city assumes the first $1 million of each occurrence. All BICEP members share the risk for the first layer of claims between $1 million to $2 million. Reinsurance and excess insurance covers amounts from $2 million to $27 million maximum. The City is also currently managing the remainder of workers' compensation claims with dates of incident prior to July 1, 2019 under California State Association of Counties – Excess Insurance Authority ("**CSAC-EIA"**) for excess workers' compensation claims in excess of $1 million per occurrence. The City's relationship with CSAC-EIA will continue until all claims in the relative period are resolved.

Effective July 1, 2019, the City was accepted as a member of Independent Cities Risk Management Authority ("**ICRMA"**), a qualified risk pool, currently with 17 other Southern California cities, for both general liability and workers' compensation excess coverage for all claims with dates of incident on or after July 1, 2019. Under these programs, the City is permissibly self-insured for workers' compensation claims up to $2 million each occurrence with statutory coverage. All funds of the City participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current claims in the general liability and workers' compensation programs. Claims expenses and liabilities are reported in accordance with the Memoranda of Coverage and associated reporting procedures with BICEP, CSAC-EIA and ICRMA, including, when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The losses include an estimate of claims that have been incurred but not reported. The effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated and unallocated claim adjustment expenditures/expenses are included. At June 30, 2020, the outstanding losses for the workers' compensation and general liability programs are reported at their discounted present value. The outstanding losses are discounted at a 2.0% annual interest rate to reflect future investment earnings. The present value computations were performed by an independent casualty actuary, in connection with their actuarial study of the City's self-insured workers' compensation and liability programs undertaken as of June 30, 2020.

COVID-19 Outbreak

The spread of the novel strains of coronavirus collectively called SARS-CoV-2, which causes the disease known as COVID-19 ("**COVID-19**"), and local, State and federal actions in response to COVID-19, have impacted the City's operations and finances. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and, on March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments.

On March 27, 2020, the President signed the $2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "**CARES Act**"), which provided, among other measures, $150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments were eligible for reimbursement of certain costs which were expended to address the impacts of the pandemic. The City received a total reimbursement of $32.4 million under the CARES Act. The funds received by the City under the CARES Act are not available for payment of debt service on the Bonds and cannot be used to backfill any City revenue losses related to COVID-19.

On December 27, 2020, the President signed the $900 billion Coronavirus Response and Relief Supplemental Appropriations Act. Although the act did not provide additional financial assistance to state and local governments, it did extend the deadline (to October 2021) for them to use unspent funds that were previously approved under the CARES Act.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the "**ARP Act**"), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. The ARP Act includes approximately $350 billion in aid to state and local governments such as the City, consisting of both direct funding from the United States Department of Treasury and program moneys that will flow from other federal agencies. Half of the aid to state and local governments was distributed in spring 2021, with the other half scheduled for 2022. The City has been allocated a total of approximately $128.4 million. This 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 that were reduced in response to pandemic-related revenue losses and making certain necessary infrastructure improvements. On June 15, 2021, the City Council appropriated $79.5 million within five broad spending categories. The appropriation includes the first 50% or $64.2 million allocation and $15.3 million of an additional ARP allocation specifically restricted to emergency housing assistance.

The State also took various actions. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 19, 2020, the Governor issued a mandatory Statewide shelter-in-place order applicable to all non-essential services. A phased re-opening of various sectors in the State began in mid-2020 and the economy was fully reopened on June 15, 2021.

In addition, the Governor extended the deadline to file and pay spring 2020 property taxes for residential and certain commercial property owners and first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers. As a result of the extended deadline to file sales and use tax returns, it is estimated that up to 361,000 California businesses with less than $5 million in taxable annual sales were permitted to defer up to $50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions have resulted in delays in the receipt by the City of its portion of such tax payments.

The effects of the COVID-19 outbreak and governmental actions responsive to it have altered the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, financial markets in the United States and globally have experienced significant volatility attributed to COVID-19 concerns. Volatility in the financial markets caused CalPERS' earnings to fall below its investment targets in Fiscal Year 2020, which could result in increases in the City's unfunded pension liability and future pension costs commencing in Fiscal Year 2021. See the caption "CITY PENSION PLANS." The outbreak has resulted in increased pressure on State finances as budgetary resources are directed towards containing the pandemic and tax revenues sharply decline. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak continue to occur throughout the United States, including the County.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy with corresponding decreases in general revenues of the City, including as a result of reduced sales which are subject to sales taxes, reduced hotel occupancy, which is subject to hotel visitor's taxes, fewer business license tax payments and potential declines in property values. See the captions "CITY FINANCIAL INFORMATION—Sales Taxes," "CITY FINANCIAL INFORMATION—Property Taxes" and "CITY FINANCIAL INFORMATION—Other Taxes."

In response to the COVID-19 outbreak, the City modified its operations to implement remote work opportunities for employees and provide City services online, closed many City facilities to the public, cancelled many programs, rentals and community events. In addition, on-site personnel are wearing masks and practicing social distancing while working. Access to the City's administrative offices has been restricted and City Council meetings are occurring via teleconference. The City has not experienced and does not at this time foresee a future negative impact on the execution of City services as a result of the COVID 19 outbreak. However, there can be no assurance that absences of employees or City leadership due to COVID-19 will not adversely impact City operations.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City and its general revenue funds, including the General Fund, is unknown. Due to the COVID-19 outbreak, the City initially reduced the estimate for its Fiscal Year 2020 major revenue sources, such as sales tax, hotel visitors' tax, business license tax, permit and plan check fees, zoo, recreation and library fees and parking fines by $14.1 million in April 2020. However, City revenues experienced a less severe impact due to COVID-19 and as a result General Fund revenues met or exceeded revised budget estimates. See the caption "CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information—Budget History."

The Fiscal Year 2021 budget for the General Fund was developed conservatively, taking the COVID-19 outbreak into consideration, and reflected: (i) an increase in expenditures of approximately $14.2 million or 4.6% above Fiscal Year 2020 adjusted budgeted expenditures; and (ii) a decrease in revenues of approximately $8.1 million or 2.6% below adjusted Fiscal Year 2020 revenue estimates. Based on available information to date, the City is currently estimating that Fiscal Year 2021 General Fund expenditures will approximate the adjusted budget (and approximately $23.6 million higher than actual Fiscal Year 2020 expenditures), while the Fiscal Year 2021 General Fund adjusted revenue estimates are approximately $16.4 million higher than originally budgeted (and approximately $23.7 million higher than actual Fiscal Year 2020 revenue).

The Fiscal Year 2022 for the General Fund was similarly developed conservatively, taking the COVID-19 outbreak into consideration, and reflected: (i) an increase in expenditures of approximately $19 million or 5.7% above Fiscal Year 2021 adjusted budgeted expenditures; and (ii) an increase in revenues of approximately $17.1 million or 5.3% above Fiscal Year 2021 adjusted estimated revenues.

See the captions "CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City" and "CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information—Fiscal Year 2021 Budget" and "—Budget Procedure, Current Budget and Historical Budget Information—Fiscal Year 2022 Budget."

The City continues to actively monitor General Fund revenues and expenditures so that any further impacts of the COVID-19 pandemic can be anticipated. The City does not currently expect that the COVID 19 outbreak will have a material adverse effect on the City's ability to repay the Bonds.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The basic financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States ("**GAAP**") as applied to governmental agencies. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

The Government-Wide Financial Statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories: (i) charges for services, (ii) operating grants and contributions and (iii) capital grants and contributions.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: (i) due from/to other funds, and (ii) transfers in/out.

All governmental funds, such as the City's general fund (the "**General Fund**"), are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. Revenues are recognized as soon as they are both "measurable" and "available". Most revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, utility-user's taxes, hotel visitors' taxes, and interest and business taxes. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements are recorded only when payment is due.

See the caption "—City Financial Statements" for a discussion of the City's audited financial statements for Fiscal Year 2020.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. All general revenues collected by the City are accounted for in the General Fund or in one of twelve other self-restricted funds maintained by the City (the "**Self-Restricted Funds**"). Historically, the Self-Restricted Funds have represented approximately 6% of total general revenues. Amounts in the General Fund are available to pay debt service on the Bonds. In addition, amounts in the Self-Restricted Funds are available to pay debt service on the Bonds upon action by the City Council to unrestrict any or all of such funds.

Though certain portions of the information set forth in this Official Statement relate only to the General Fund, the tables below set forth certain historical and current Fiscal Year budget and audited information for the General Fund and the Self-Restricted Funds. Additional information on the General Fund and the Self-Restricted Funds of the City as of June 30, 2020 is set forth in Appendix A.

The information presented in Tables 9, 10, and 11 below combines the activity for both the General Fund and the Self-Restricted Funds, with the General Fund encompassing over ninety five percent (95%) of both the revenues and expenditures. Beginning with the audited financials for the Fiscal Year ending June 30, 2021, the City will be presenting the General Fund separately from the Self-Restricted Funds. Furthermore, the City's annual continuing disclosure filing due March 31, 2022 and going forward will also include the General Fund presented separately from the Self-Restricted Funds. See "CONTINUING DISCLOSURE" for a discussion of the continuing disclosure undertaking to be entered into by the City in connection with the issuance of the Bonds.

Fiscal Policies

The City has adopted several financial policies in order to provide financial stability.

Reserve Policy. In 2021, the City updated a formal budget and reserve policy (the "**Reserve Policy**"), which provides guidelines for a balanced budget approach, use of one-time funds, and appropriate reserve levels as recommended by the Government Finance Officers Association. During Fiscal Year 2021, the City continued to maintain a reserve for the General Fund, which totaled approximately $58.2 million, totaling approximately 18% of annual recurring revenue required by the Reserve Policy.

Debt Management Policy. The City's Debt Management Policy is intended to comply with the Senate Bill 1029 Amendment to the California Government Code Section 8855(i), effective on January 1, 2017, and governs all debt undertaken by the City, including debt issued by the City on behalf of third parties. Third-party debt includes assessment districts and community facilities districts, as well as conduit debt.

Pension Funding Policy. The City's Unfunded Employee Pension Liability Cost Reduction Policy outlines cost reduction strategies such as the targeted application of additional discretionary payments, as well as acceptable parameters for issuing pension obligation bonds.

Budget Procedure, Current Budget and Historical Budget Information

General. The City's budgetary process is guided by the City Council's priorities, with input from residents, neighborhood groups, boards, commissions and businesses following neighborhood meetings and various year-round opportunities for suggestions and comments. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles for governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year-end.

The City uses the following procedures in establishing the annual budget: In November, budget instructions and budget assumptions are distributed to all departmental budget liaisons to incorporate within their respective budgets. From March to April, the budget team meets with department representatives to review, discuss & plan the anticipated goals for the upcoming fiscal year. The City holds community budget meetings in March and April where information about the budget process is provided to the community and community input is gathered. In May, the City Manager presents a long-term financial outlook to the City Council. The purpose of the outlook is to ensure that the City's financial environment is stable, efficient and transparent, and to ensure the organization's long-term financial viability. Based upon City Council budget priorities, the Executive Management Team reviews operating budgets and Capital Improvements Program requests. The budget team evaluates and prioritizes the program requirements, determines funding availability and develops a balanced budget. Final budget decisions are made according to the purpose, vision and goals of the City.

Between April and June, the City Manager conducts individual meetings with each City Councilmember for review of the budget and economic conditions overview. The purpose of these sessions is to support the preparation of the upcoming budget and provide a status of the current year's budget and preliminary projections of General Fund revenues and expenditures. A public hearing notice is published in a local publication in May. During this public hearing, the proposed budget is presented to the City Council and any new changes are incorporated into the budget. Copies of the line-item budget, as presented in the proposed budget document, are made available to the public. After the conclusion of the public hearing, the City Council may further consider the proposed budget and make any revisions thereof that it may deem advisable.

On or before the 30th day of June, the City Council meets to adopt the proposed budget, as amended, by the affirmative vote of a majority of the City Council. Pursuant to the City charter, the City Council must adopt a budget by no later than July 31. Upon final adoption, the budget will be in effect for the ensuing fiscal year. The adopted budget becomes the authority for the various departments to expend appropriations, subject to controls established by the City charter. A copy of the adopted budget, certified by the Clerk of the Council, must be reproduced and copies made available for the use of all officers, offices, departments, and other agencies of the City and for the use of civic organizations.

The City may amend the budget during the fiscal year by an appropriation adjustment. This action requires a supermajority City Council vote. The need to amend or adjust the budget typically arises in response to unforeseen circumstances or events. If the request for an appropriation adjustment is a shift of budget between two different departments and/or involves more than one fund, then City Council approval is required. The City Manager has the authorization to amend City Council–approved appropriations if the amendment is to shift budget within a single department and fund. The City Manager is not authorized to increase the overall budget.

Fiscal Year 2020 Budget. The City Council adopted the Fiscal Year 2020 budget on July 2, 2019. Budgeted expenditures for the General Fund totaled approximately $316.1 million for Fiscal Year 2020. Actual expenditures for the General Fund totaled approximately $310.9 million, or approximately $5.3 million or 1.7% lower than budgeted.

Original budgeted revenues for the General Fund totaled approximately $316.1 million for Fiscal Year 2020. Actual revenues for the General Fund totaled approximately $325.7 million, or approximately $9 million or 2.8% more than the original budget. See the caption "THE CITY—COVID-19 Outbreak."

Fiscal Year 2021 Budget. The City Council adopted a budget for Fiscal Year 2021 on July 7, 2020 which took into account the effects of the COVID-19 outbreak. Budgeted expenditures for the General Fund total approximately $325.9 million for Fiscal Year 2021, an increase of approximately $14.2 million (4.6%) more than the Fiscal Year 2020 adjusted budgeted expenditures. Budgeted revenues for the General Fund total approximately $307.4 million for Fiscal Year 2021, a decrease of approximately $8.1 million (2.6%) below the adjusted estimate for Fiscal Year 2020 revenues. The Fiscal Year 2021 original budget projected an ending General Fund balance of approximately $52.3 million (including transfers out), a decrease of approximately $18.6 million from the projected beginning General Fund balance of approximately $70.8 million.

Fiscal Year 2022 Budget. The City Council adopted a budget for Fiscal Year 2022 on June 15, 2021 which similarly took into account the effects of the COVID-19 outbreak. Budgeted expenditures for the General Fund total approximately $353.5 million for Fiscal Year 2022, an increase of approximately $19 million or 5.7% more than Fiscal Year 2021 adjusted budgeted expenditures. Budgeted revenues for the General Fund total approximately $340.9 million for Fiscal Year 2022, an increase of approximately $17.1 million or 5.3% more than the adjusted estimates for Fiscal Year 2021 revenues. The Fiscal Year 2022 budget projected an ending General Fund balance of approximately $58.6 million (including transfers out), a decrease of approximately $12.6 million from the projected beginning General Fund balance of approximately $71.2 million. The Fiscal Year 2022 Budget was adjusted to account for the receipt of approximately $79.5 million in one-time federal and state monies received in connection with the COVID-19 Outbreak. See the caption "THE CITY—COVID-19 Outbreak."

Budget History. The General Fund column within the audited financial statements include the City's General Fund plus twelve other Self-Restricted Funds. Historically, the Self-Restricted Funds have represented approximately 6% of total general revenues. Set forth in the table below are the adopted budgets for Fiscal Years 2019 through 2022, actual results for Fiscal Years 2019 and 2020 and estimated results for Fiscal Year 2021 for the General Fund and the Self-Restricted Funds, on an aggregated basis. As a result, the numbers in the table below do not match the Fiscal Year budgeted numbers set forth in the preceding four paragraphs which relate only to the General Fund and not the Self-Restricted Funds.

TABLE 9
City of Santa Ana
General Fund and Self-Restricted Funds Budgets and Results

	Fiscal Year 2019 Final Budget	*Actual Fiscal Year 2019 Results*	*Fiscal Year 2020 Final Budget*	*Actual Fiscal Year 2020 Results*	*Fiscal Year 2021 Final Budget*	*Estimated Fiscal Year 2021 Results*	*Adopted Fiscal Year 2022 Budget*
Revenues							
Taxes(1)	$ 136,412,547	$ 142,002,496	$ 145,366,534	$ 151,190,715	$ 158,835,012	$ 159,818,073	$ 165,544,140
Licenses and Permits	13,012,858	9,946,891	4,599,600	5,215,322	6,579,685	7,326,434	5,901,600
Intergovernmental(2)	69,083,028	67,951,954	112,001,100	110,861,657	113,577,380	124,502,389	121,803,800
Charges for Services	17,234,222	16,776,893	17,794,300	17,460,104	14,533,810	14,415,135	17,906,370
Fines and Forfeitures	4,822,970	5,651,372	4,863,000	5,916,559	5,605,810	4,706,184	5,523,510
Investment Income	594,056	2,179,290	618,000	1,981,897	463,000	489,807	360,000
Cost Recoveries and Donations	11,535,365	12,044,426	14,196,440	13,740,176	13,052,630	12,058,565	12,572,980
Rental Income	17,034,912	16,848,228	16,016,800	16,714,523	16,341,896	15,337,813	16,964,420
Miscellaneous	2,197,619	2,130,677	118,860	121,356	690,280	815,895	243,000
Total Revenues	$ 271,927,577	$ 275,532,227	$ 315,574,634	$ 323,202,309	$ 329,679,503	$ 339,470,295	$ 346,819,820
Expenditures							
General Government							
City Council	$ 451,615	$ 448,942	$ 570,847	$ 486,568	$ 489,780	$ 489,780	$ 569,280
Clerk of the Council	1,399,242	1,306,248	2,407,420	1,720,280	1,457,539	1,310,026	1,470,790
City Attorney	3,496,887	3,312,443	3,645,226	3,091,974	4,021,402	4,021,402	3,674,080
City Manager	2,536,336	2,536,336	2,836,752	1,827,255	2,140,880	2,140,880	3,024,200
Nondepartmental(3)	2,938,990	4,158,270	39,178,562	38,195,457	43,450,216	43,450,016	48,569,680
Total General Government	$ 10,823,070	$ 11,762,239	$ 48,638,807	$ 45,321,534	$ 51,559,817	$ 51,412,104	$ 57,308,030
Human Resources	2,019,412	1,858,518	2,803,071	2,070,213	3,059,931	2,548,264	3,455,190
Finance and Management Services	6,489,424	6,073,730	10,516,761	8,696,994	9,909,256	9,909,256	10,746,450
Museum	1,476,130	1,472,784	1,473,430	1,472,977	1,473,430	1,473,430	1,474,030
Library	4,124,057	4,253,772	5,324,484	4,304,748	5,220,489	4,989,229	6,405,550
Recreation and Community Services	18,498,071	17,734,237	23,069,161	18,900,061	24,465,349	24,465,349	27,009,010
Police Department	132,564,362	132,101,981	135,267,602	133,356,220	136,878,479	136,878,479	142,491,110
Fire Department	52,925,536	52,410,181	46,437,190	47,480,567	47,533,977	47,033,977	52,342,190
Planning and Building	16,450,617	11,952,215	18,169,562	12,991,719	20,888,065	18,030,645	20,240,050
Public Works	9,879,669	8,481,824	12,022,170	10,044,017	13,819,506	13,051,670	13,729,470
Community Development	2,072,488	1,772,463	4,709,650	2,910,203	4,412,874	3,947,335	4,007,130
	246,499,766	238,111,705	$ 259,793,081	$ 242,227,719	$ 267,661,356	$ 262,327,634	$ 81,900,180
Capital Outlay	3,106,761	7,250,711	11,715,132	7,071,511	13,328,631	5,637,037	8,589,710
Debt Service							
Principal Retirement	2,188,511	1,298,230	2,534,821	1,871,017	2,243,833	2,243,833	3,473,230
Interest and Fiscal Charges	210,255	337,279	175,800	573,995	557,600	57,600	138,700
Total Expenditures	$ 262,828,363	$ 258,760,164	$ 322,857,641	$ 297,065,776	$ 335,351,237	$ 322,178,208	$ 351,409,850
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 9,099,214	$ 16,772,063	$ (7,283,007)	$ 26,136,533	$ (5,671,734)	$ 17,292,087	$ (4,590,030)
Other Financing Sources (Uses)							
Transfers In	$ --	$ 31,889	$ 6,600,000	$ 6,632,780	$ --	$ --	$ --
Transfers Out	(10,758,076)	(10,752,807)	(10,757,640)	(10,757,640)	(11,541,090)	(11,541,090)	(10,864,810)
Total Other Financing Sources (Uses)	$ (10,758,076)	$ (10,720,918)	$ (4,157,640)	$ (4,124,860)	$ (11,541,090)	$ (11,541,090)	$ (10,864,810)
Net Change in Fund Balances	$ (1,658,862)	$ 6,051,145	$ (11,440,647)	$ 22,011,673	$ (17,212,824)	$ 5,750,997	$ (15,454,840)
Fund Balances – Beginning	$ 69,361,083	$ 69,361,083	$ 75,412,228	$ 75,412,228	$ 97,423,901	$ 97,423,901	$ 103,174,898

Fund Balances – Ending	$ 67,702,221	$ 75,412,228	$ 63,971,581	$ 97,423,901	$ 80,211,077	$ 103,174,898	$ 87,720,058

(1) See the caption "—Tax Revenues of the City" for a breakdown of tax revenues for the past five Fiscal Years.

(2) The City's voters approved Measure X (defined below) on November 6, 2018 and began collecting Measure X revenues in Fiscal Year 2019. The City has classified revenues received under Measure X as Intergovernmental Revenues, which has resulted in the large increase in Intergovernmental Revenues in Fiscal Years 2019 and 2020. See "—Sales Taxes—District Add-On" for more information regarding Measure X.

(3) Prior to Fiscal Year 2020, the City allocated UAL on a pro rata basis by department. However, beginning in Fiscal Year 2020, the City began classifying all UAL as a General Government Expenditure. This resulted in a slight reduction in all expenditure categories except for General Government, which showed a large increase in Fiscal Year 2020.

Sources: City's Annual Financial Report for Fiscal Years 2019 and 2020; Adopted Budget of the City for Fiscal Years 2021 and 2022.

Change in Fund Balance of the City General Fund

Set forth in the table below are the City's statements of revenues, expenditures and changes in fund balance for Fiscal Years 2016 through 2020 for the group of thirteen funds.

TABLE 10
City of Santa Ana
General Fund and Self-Restricted Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

	Fiscal Year Ended June 30,				
	2016	*2017*	*2018*	*2019*	*2020*[(1)]
Revenues					
Taxes[(2)]	$ 124,238,920	$ 129,763,539	$ 134,309,780	$ 142,002,496	$ 151,190,715
Licenses and Permits	4,729,690	5,785,894	7,977,170	9,946,891	5,215,322
Intergovernmental[(3)]	50,997,487	50,814,601	49,037,555	67,951,954	110,861,657
Charges for Services	10,757,091	14,472,475	13,452,166	16,776,893	17,460,104
Fines and Forfeitures	5,449,856	5,095,647	5,712,946	5,651,372	5,916,559
Investment Income	1,414,914	42,176	148,306	2,179,290	1,981,897
Cost Recoveries	13,093,550	11,085,462	11,390,682	12,044,426	13,740,176
Rental Income	13,774,498	12,046,979	11,679,847	16,848,228	16,714,523
Miscellaneous	105,050	193,804	257,572	2,130,677	121,356
Total Revenues	$ 224,561,056	$ 229,300,577	$ 233,966,024	$ 275,532,227	$ 323,202,309
Expenditures					
Current					
General Government	$ 9,796,907	$ 12,804,418	$ 10,981,779	11,762,239	$ 45,321,534
Human Resources	1,181,123	1,277,872	1,473,061	1,858,518	2,070,213
Finance and Management Services	3,984,334	4,722,453	5,919,085	6,073,730	8,696,994
Museum	1,474,616	1,475,706	1,468,035	1,472,784	1,472,977
Library	3,234,190	3,656,110	4,009,491	4,253,772	4,304,748
Recreation and Community Services	15,556,098	16,248,040	17,048,700	17,734,237	18,900,061
Police Department	108,859,309	120,384,618	122,483,430	132,101,981	133,356,220
Fire Services	41,482,079	41,392,205	50,438,382	52,410,181	47,480,567
Planning and Building	8,497,671	9,706,009	10,846,912	11,952,215	12,991,719
Public Works	5,700,647	5,026,373	6,234,394	8,481,824	10,044,017
Community Development	1,382,543	1,136,506	1,331,612	1,772,463	2,910,203
Capital Outlay	1,718,202	3,635,528	1,884,313	7,250,711	7,071,511
Debt Service:					
Principal	434,103	1,005,923	1,229,820	1,298,230	1,871,017
Interest and Fiscal Charges	200,312	245,099	347,640	337,279	573,995
Total Expenditures	$ 203,502,134	$ 222,716,860	$ 235,696,654	$ 258,760,164	$ 297,065,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 21,058,922	$ 6,583,717	$ (1,730,630)	$ 16,772,063	$ 26,136,533
Other Financing Sources (Uses)					
Transfers In	--	34,244	-	$ 31,889	$ 6,632,780[(4)]
Transfers Out	(11,030,700)	(11,043,845)	(10,758,539)	(10,752,807)	(10,757,640)
Issuance of Debt	--	2,051,786	7,296,906	--	--
Total Other Financing Sources (Uses)	$ (11,030,700)	$ (8,957,815)	$ (3,461,633)	$ (10,720,918)	$ (4,124,860)
Net Change in Fund Balances	$ 10,028,222	$ (2,374,098)	$ (5,192,263)	$ 6,051,145	$ 22,011,673
Fund Balances – Beginning of Fiscal Year	$ 66,899,222	$ 76,927,444	$ 74,553,346	$ 69,361,083	$ 75,412,228
Fund Balances – End of Fiscal Year	$ 76,927,444	$ 74,553,346	$ 69,361,083	$ 75,412,228	$ 97,423,901

(1) Prior to Fiscal Year 2020, the City allocated UAL on a pro rata basis by department. However, beginning in Fiscal Year 2020, the City began classifying all UAL as a General Government Expenditure. This resulted in a slight reduction in all expenditure categories except for General Government, which showed a large increase in Fiscal Year 2020.

(2) See the caption "—Tax Revenues of the City" for a breakdown of tax revenues for the past five Fiscal Years.

(3) The City's voters approved Measure X (defined below) on November 6, 2018 and began collecting Measure X revenues in Fiscal Year 2019. The City has classified revenues received under Measure X as Intergovernmental Revenues, which has resulted in the large increase in Intergovernmental Revenues in Fiscal Years 2019 and 2020. See "—Sales Taxes—District Add-On" for more information regarding Measure X.

(4) Increase is primarily the result of proceeds received from the Streetlights Acquisition and Upgrade Project Financing. See –Other Indebtedness—General Revenues-Supported Obligations."

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances from the City's Annual Financial Reports from Fiscal Years 2016 - 2020.

General Fund Balance Sheets of the City

Set forth in the table below are the City's General Fund balance sheets (inclusive of the Self-Restricted Funds) for Fiscal Years 2016 through 2020.

TABLE 11
City of Santa Ana
General Fund and Self-Restricted Funds Balance Sheet Summary

		Fiscal Year Ended June 30,			
	2016	***2017***	***2018***	***2019***	***2020***
Assets					
Cash and Investments	$ 65,990,716	$ 67,759,645	$ 55,504,697	$ 58,184,377	$ 85,819,885
Receivables:					
Taxes	9,595,641	3,586,876	3,334,666	4,499,918	4,746,881
Interest	106,655	249,644	271,850	342,614	306,816
Accounts	3,219,376	2,448,867	3,935,227	4,801,339	3,180,614
Intergovernmental	7,733,874	8,781,205	8,132,029	19,641,963	19,903,359
Prepaid Items	--	9,492	--	--	--
Restricted Assets:					
Cash and Investments with Fiscal Agents	845,055	1,658,659	7,114,989	1,566,928	1,475,047
Pension Stability Funds	500,008	500,851	504,515	513,627	522,042
Total Assets	$ 87,991,325	$ 84,995,239	$ 78,797,973	$ 89,550,766	$115,954,644
Liabilities					
Accounts Payable	$ 4,158,621	$ 4,137,378	$ 3,930,805	$ 3,666,662	$ 9,607,560[(1)]
Interest Payable	31,860	29,161	26,364	23,465	20,461
Retention Payable	--	32,416	--	23,679	259,058
Due to Other Governmental Agencies	--	--	--	--	8,008
Deposits	292,733	148,986	70,299	4,479,473	4,604,212
Advances Payable to Other Funds	2,628,000	2,336,000	2,044,000	1,752,000	1,460,000
Unearned Revenue	3,952,667	3,529,167	3,251,039	2,886,978	2,467,518
Total Liabilities	$ 11,063,881	$ 10,213,108	$ 9,322,507	$ 12,832,257	$ 18,426,817
Deferred Inflows of Resources	$ --	$ 228,785	$ 114,383	$ 1,306,281	$ 103,926
Fund Balances					
Nonspendable	$ --	$ 9,492	$ --	$ --	$ --
Restricted	1,454,962	2,159,510	7,619,504	2,080,555	1,997,089
Assigned	27,077,619	9,928,503	5,377,690	10,695,577	21,457,380
Unassigned	48,394,863	62,455,841	56,363,889	62,636,096	73,969,432
Total Fund Balances	$ 76,927,444	$ 74,553,346	$ 69,361,083	$ 75,412,228	$ 97,423,901
Total Liabilities, deferred inflows of resources and Fund Balances	$ 87,991,325	$ 84,995,239	$ 78,797,973	$ 89,550,766	$115,954,644

(1) Accounts Payable increased from Fiscal Year 2019 to Fiscal Year 2020 due to late submission of invoices by vendors due to COVID-19 pandemic and high number of capital projects that were in-progress and/or completed during Fiscal Year 2020.

Source: Governmental Funds Balance Sheet from the City's Annual Financial Reports from Fiscal Years 2016 – 2020.

Tax Revenues of the City

The City derives its general revenues from a variety of sources, including property taxes, sales taxes, utility users' taxes, hotel visitors' tax, franchise taxes, and other miscellaneous revenues. A summary of the City's total general revenues (including the General Fund and the Self-Restricted Funds, on an aggregated basis) in Fiscal Years 2017-2020 as well as estimated amounts for Fiscal Year 2021 and budgeted amounts for Fiscal

Year 2022 is set forth in the table below. Certain general taxes currently imposed by the City are affected by various State Constitutional provisions. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

TABLE 12
City of Santa Ana
Major Revenues and Fees by Source

	Fiscal Year Ended June 30,					
Revenue Category	***2017***	***2018***	***2019***	***2020***	***2021***[1]	***2022***[2]
Taxes						
Property taxes[3]	$ 72,571,508	$ 76,616,413	$ 81,619,335	$ 85,935,158	$ 87,071,499	$ 90,627,840
Hotel visitors tax	9,767,741	9,245,942	9,414,661	7,739,780	4,139,981	5,000,000
Utility users					24,916,820	23,650,000
taxes	24,413,461	23,942,639	22,655,737	21,710,236		
Business taxes	13,774,226	14,902,987	18,815,339	25,435,245	31,605,528	33,075,000
Franchise taxes	7,865,850	8,338,529	8,278,148	9,171,405	10,514,238	11,761,000
Other taxes	1,370,753	1,263,270	1,219,276	1,198,890	1,275,120	1,227,200
Intergovernmental[4]	50,608,997	48,571,676	67,955,097	109,454,403	124,797,276	122,006,900
Investment Income	302,347	344,459	4,212,475[5]	3,176,457[5]	489,807[6]	360,000
Other revenue	11,298	--	--	--	--	--
Transfers	26,584	--	24,608	6,625,120[7]	--	--
Total Revenue	**$ 180,712,765**	**$ 183,225,915**	**$ 214,194,676**	**$ 270,446,694**	**$ 284,810,269**	**$ 287,707,940**

(1) Reflects estimated Fiscal Year 2021 amounts.
(2) Reflects budgeted Fiscal Year 2022 amounts.
(3) Includes property taxes in lieu of vehicle license fees. See the captions "—Property Taxes" and "—State of California Motor Vehicle In-Lieu Payments."
(4) Increase beginning in Fiscal Year 2019 is largely the result of revenues collected under Measure X. See "—Sales Taxes—District Add-On" for more information regarding Measure X.
(5) Increase due to the portfolio market value exceeding the book value in each year.
(6) City will record the fair market value adjustment at the end of Fiscal Year 2021, which will increase revenues from Investment Income.
(7) Increase due to one-time transfer from the Reuse Fund that related to prior year franchise fee revenues resulting from the City's reuse operations.

Source: City's Annual Financial Reports for Fiscal Years 2016 - 2020; Adopted Budget of the City for Fiscal Year 2022; the City.

Sales Taxes

The City receives the 1% Bradley-Burns allocation of sales taxes collected by the state, as well as a locally levied district add-on tax. See the caption "— *District Add-On*" below. Total sales tax receipts of approximately $108.5 million provided the largest tax revenue source for the City in Fiscal Year 2020. Sales taxes contributed approximately 40.1% of general tax revenues and approximately 33.6% of total general revenues in Fiscal Year 2020. For Fiscal Year 2021, the City has estimated sales tax receipts to be approximately $123.9 million, totaling approximately 43.5% of general tax revenues and approximately 36.5% of total general revenues. For Fiscal Year 2022, the City has budgeted sales tax receipts to be approximately $121.1 million, totaling approximately 42.1% of general tax revenues and approximately 34.9% of total general revenues.

District Add-On. A sales tax is imposed on retail sales or consumption of personal property and collected and distributed by the California Department of Tax and Fee Administration (the "**CDTFA**"). The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City is 9.25%, which includes a 1-1/2 cent levy that was approved by City voters on November 6, 2018 ("**Measure X**"). Measure X was placed on the ballot by the City Council for the purpose of financing a share of general city services, including emergency response services, homelessness and housing services, fixing potholes and streets, maintaining parks, after school programs, senior services and graffiti removal, and addressing the City's structural general revenue deficit. The added tax will continue until 2029, and then be reduced to a 1 cent levy until it expires on 2039. In Fiscal Year 2020, Measure X produced $61.8 million in additional sales tax revenue to the City. The City estimates that Measure X produced $61.4 million in additional sales tax revenues in Fiscal Year 2021 and it has budgeted for Measure X revenues of $65 million in the Fiscal Year 2022 budget.

Additional information relating to sales tax receipts by the City is set forth in Appendix B.

As discussed under the caption "THE CITY—COVID-19 Outbreak," the Governor extended the deadline to file and pay first quarter sales and use tax returns by 90 days for all but the very largest taxpayers. Up to 361,000 California businesses, with less than $5 million in taxable annual sales, were allowed to defer up to $50,000 in sales tax and enter into a 12-month payment plan at zero interest. The extension may result in a delay in the receipt by the City of its portion of sales tax payments.

Property Taxes

The City receives a share of property tax collected by the County, plus a share in-lieu of the vehicle license fees. See the caption "—State of California Motor Vehicle In-Lieu Payments" below. Property taxes represent the second largest source of revenues for the City. In Fiscal Year 2020, General Fund property taxes contributed approximately $73.5 million or 27.2% of general tax revenues and 22.7% of total general revenues. For Fiscal Year 2021, the City estimates that General Fund property tax receipts will be approximately $75.4 million, totaling approximately 26.5% of general tax revenues and 22.2% of total general revenues. For Fiscal Year 2022, the City has budgeted General Fund property tax receipts to be approximately $79.1 million, totaling approximately 27.5% of general tax revenues and approximately 22.8% of total general revenues.

Property in the State that is subject to *ad valorem* taxes is classified as either "secured" or "unsecured." The secured classification includes property on which any county levied property tax becomes a lien on that parcel. A tax levied on unsecured property may become a lien on certain other property owned by the same taxpayer. Secured property liens have priority over all other liens pursuant to State law, regardless of the time of the creation of other liens on the property.

The exclusive means of compelling the payment of delinquent taxes with respect to secured property is the sale of the property securing the taxes for the amount of taxes that are delinquent. The taxing authority has three methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) obtaining a judgment lien on certain property of the taxpayer from the county clerk or county recorder; and (3) seizing and selling personal property, improvements or possessory interests belonging, or taxable, to the assesse.

A 10% penalty is added to delinquent taxes levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

State law also provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year.

For a number of years, the State Legislature shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund ("**ERAF**"). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over $3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2005 State Budget included an additional $1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2005 and 2006.

On July 27, 2009, the Governor signed a revised Fiscal Year 2010 State budget that included an ERAF shift of approximately 8% of 1% *ad valorem* property tax revenues from certain local agencies, including the

City. The City participated in the California Statewide Communities Development Authority securitization program and received the shifted funds in two equal installments on January 15, 2010 and May 3, 2010.

On November 2, 2010, State voters approved Proposition 22, which: (i) prohibits the State of California from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State's authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use vehicle license fee revenues to reimburse local governments for state-mandated costs.

Despite the passage of Proposition 22, there can be no assurance that 1% *ad valorem* property tax revenues which the City currently expects to receive will not be temporarily shifted from the City or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% property tax revenues by the City.

Set forth in the table below are the secured and unsecured assessed valuations for property in the City for the Fiscal Years 2012 through 2021.

TABLE 13
City of Santa Ana
Assessed Valuation History (Dollars in Thousands)

Fiscal Year	*Secured Value*	*Unsecured Value*	*Exemptions*[1]	*Total Assessed Value*	*% Increase*
2012	$18,509,578	$1,591,287	$(172,181)	$19,928,684	N/A
2013	18,829,929	1,432,409	(168,762)	20,093,576	0.8%
2014	19,579,938	1,539,745	(164,260)	20,955,423	4.3
2015	20,432,992	1,642,391	(161,264)	21,914,119	4.6
2016	21,528,909	1,484,318	(159,727)	22,853,500	4.3
2017	22,436,846	1,449,280	(157,732)	23,728,394	3.8
2018	23,719,049	1,513,465	(155,807)	25,076,707	5.7
2019	25,027,024	1,493,217	(153,329)	26,366,912	5.1
2020	26,373,249	1,570,712	(152,527)	27,791,434	5.4
2021	27,590,592	1,480,607	(149,395)	28,930,805	4.1

(1) Basic levy (Proposition 13) for county, city, schools and districts (apportioned by County Auditor). Proposition 13 in effect eliminated the property rates for cities, exclusive of voted authorizations for which a rate may be established for debt service on debt authorized by the voters prior to July 1, 1978

Source: County of Orange Auditor-Controller's Officer.

Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the "Teeter Plan," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually 100% of their shares of property taxes and other levies collected on the secured roll. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

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, decide 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 levied on the secured roll by that agency.

The Board of Supervisors of the County has adopted the Teeter Plan, and the City has elected to be included within the County's Teeter Plan. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted with respect to the City, the City will receive 100% of its share of secured property tax levies but will not receive any revenues in connection with penalties and interest resulting from delinquencies.

The following table sets forth the property tax levies and collections within the City for Fiscal Years 2011 through 2020.

TABLE 14
City of Santa Ana
Property Tax Levies and Collections

Fiscal Year	***Taxes Levied***	***Amount Collected in Fiscal Year***	***Percent of Levy Collected in Fiscal Year***	***Collection in Subsequent Years***	***Total Amount Collected***	***Percent of Total Levy Collected***
2011	$27,822,469	$27,343,618	98.3%	$421,347	$ 27,764,965	99.8%
2012	28,167,014	27,732,887	98.5	394,398	28,127,285	99.9
2013	28,633,536	28,286,767	98.8	271,597	28,558,364	99.7
2014	30,143,293	29,807,066	98.9	218,538	30,025,604	99.6
2015	31,723,610	31,374,544	98.9	216,113	31,590,658	99.6
2016	33,366,315	32,609,752	97.7	228,462	32,838,214	98.4
2017	34,625,379	33,948,629	98.0	217,366	34,165,995	98.7
2018	36,331,948	35,786,397	98.5	432,373	36,218,770	99.7
2019	37,972,488	37,415,786	98.5	510,214	37,926,000	99.9
2020	39,363,777	38,776,771	98.5	338,857	39,115,627	99.4

Source: City's Fiscal Year 2020 Annual Financial Report.

The ten largest principal property tax remitters in the City as shown on the Fiscal Year 2020 tax roll, the assessed valuation and the percentage of the City's total taxable assessed value attributable to each are set forth in the table below.

TABLE 15
City of Santa Ana
10 Largest Secured and Unsecured Taxpayers

Rank	*Property Owner*	*Fiscal Year 2021 Assessed Valuation*	*% of Total*
1.	Main Place Shoppingtown	$350,691,477	1.20%
2.	RP Essex Skyline Holdings	147,376,891	0.51
3.	First American Title	146,291,501	0.50
4.	BRE OC Griffin LLC	146,221,777	0.50
5.	APG OCIC LLC	113,581,645	0.39
6.	Adagio 366 LLC	102,693,489	0.35
7.	Tustin Avenue Apartments	99,952,031	0.34
8.	Cadigan 1901 First LLC	99,939,495	0.34
9.	Drawbridge Pacific Center LLC	97,500,000	0.33
10.	Pacific Coast Holdings Investment	96,249,161	0.33
TOTAL		**$1,400,497,467**	**4.79%**

Source: HdL Coren & Cone.

Business License Taxes

The business license tax is a non-regulatory tax imposed for the privilege of conducting business within the City's boundaries. The tax has three different categories: a percentage of gross receipts; variable flat rate for professional services; and flat rate for other businesses depending on the type of businesses. This category includes a license tax for cannabis business.

Business license tax receipts of approximately $25.4 million provided the third largest tax revenue source for the City in Fiscal Year 2020, contributing approximately 9.4% of general tax revenues and approximately 7.9% of total general revenues in such Fiscal Year. For Fiscal Year 2021, the City estimates that General Fund business license tax receipts will be approximately $31.6 million, totaling approximately 11.1% of general tax revenues and approximately 9.3% of total general revenues. For Fiscal Year 2022, the City has budgeted General Fund business license tax receipts to be approximately $33.1 million, totaling approximately 11.5% of general tax revenues and approximately 9.5% of total general revenues.

Utility Users' Taxes

A utility users' tax is imposed on every account for utility service within the City. Utilities subject to the tax include electricity, gas, water, telephone, cellular and international calls. Individuals and entities using these utility services pay a tax rate of 5.5% for all charges made for such services.

Utility users' tax receipts of approximately $21.7 million provided the fourth largest tax revenue source for the City in Fiscal Year 2020. In Fiscal Year 2020, utility users' taxes contributed approximately 8.0% of general tax revenues and approximately 6.7% of total general revenues. For Fiscal Year 2021, the City estimates that General Fund utility users' tax receipts will be approximately $24.9 million, totaling approximately 8.7% of general tax revenues and approximately 7.3% of total general revenues. For Fiscal Year 2022, the City has budgeted General Fund utility users' tax receipts to be approximately $23.7 million, totaling approximately 8.2% of general tax revenues and approximately 6.8% of total general revenues.

Franchise Taxes

The City levies a franchise tax on its cable television, electrical utility, gas utility and residential and commercial trash collection service.

Franchise tax receipts of approximately $9.2 million provided the fifth largest tax revenue source for the City in Fiscal Year 2020. In Fiscal Year 2020, franchise taxes contributed approximately 3.4% of general tax revenues and approximately 2.8% of total general revenues. For Fiscal Year 2021, the City estimates that General Fund franchise tax receipts will be approximately $10.5 million, totaling approximately 3.7% of general tax revenues and approximately 3.1% of total general revenues. For Fiscal Year 2022, the City has budgeted General Fund franchise tax receipts to be approximately $11.8 million, totaling approximately 4.1% of general tax revenues and approximately 3.4% of total general revenues.

Hotel Visitor's Tax

The City levies a hotel visitors' tax, which is levied on users of hotels in the City at a current rate of 11%.

In Fiscal Year 2020, the City received $7.7 million in general revenues from hotel visitors' taxes. As a result of the general economic slowdown and the closure of business in the wake of the COVID-19 outbreak, the City estimates that it will receive approximately $4.1 million in general revenues from hotel visitors' taxes in Fiscal Year 2021. For Fiscal Year 2022, the City it has budgeted for the receipt of $5.0 million in general revenues from hotel visitors' taxes.

Other Taxes

The City also receives tax revenues from other sources, which together totaled approximately $1.2 million in Fiscal Year 2020. The City estimates that it received approximately $1.3 million in general revenues from other taxes in Fiscal Year 2021 and it has budgeted for the receipt of $1.2 million in general revenues from other taxes in Fiscal Year 2022.

Other Indebtedness

General Fund-Supported Obligations. The below-listed obligations are payable from general revenues of the City, which revenues are also the source of repayment for the Bonds. The City may issue other obligations payable from its general revenues at any time. See the caption "RISK FACTORS—City Obligations."

Capital Lease. On November 23, 2004, the City and thirty seven other cities in the County executed a Joint Agreement for the Operation Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System, which provides for the management and governance of the 800MHz Countywide Coordinated Communication System (the "**800 MHz CCCS**").

On May 5, 2015, the City entered into an amendment with the County for the operation, maintenance and financial management of the 800 MHz CCCS, which consisted of the replacement of the backbone infrastructure equipment, along with agency owned equipment and dispatch consoles with the radio equipment.

The City financed the purchase of equipment necessary to implement the 800 MHz system upgrade by entering into an equipment lease-purchase agreement with Motorola Credit Corporation and Motorola Solutions, Inc. The minimum lease payments required during the ten year term of the agreement are $4.9 million. The lease payment, discounted at an estimated interest rate of 3.12%, results in a present value of $4.3 million, which is capitalized as equipment in the City's capital assets with a cost of $4.0 million and accumulated depreciation of $1.7 million as of June 30, 2020. The outstanding principal amount as of June 30, 2021 is $2.2 million.

Holman Capital Financing (800 MHz Radio System Project). The City entered into two separate financing agreements with Holman Capital Corporation on May 22, 2015 and June 15, 2017, respectively, to fund the City's partnership cost for participating in the County of Orange 800 MHz communication system. The City's partnership costs total $3.8 million. As of June 30, 2021, the financing agreements outstanding principal amount is $1.3 million.

Police Lease Revenue Bonds. On March 23, 1994, the Santa Ana Financing Authority (the "**SAFA**") issued the Police Administration and Holding Facility Lease Revenue Bonds (the "**1994 Bonds**") in the amount of $107.4 million to provide funds for the construction and equipping of a police administration and holding facility. The 1994 Bonds mature in 2024 with annual principal payments ranging up to $8.7 million. As of June 30, 2021, the 1994 Bonds were outstanding in the aggregate principal amount of $12.4 million. The 1994 Bonds are payable from revenues of the SAFA, consisting principally of base rental payments by the City pursuant to a lease agreement between the City and the SAFA.

Southern California Edison On-Bill Financing Program. On August 2011, the City Council approved the installation of energy-efficient LED street lights on Main Street and Edinger Avenue. The project was funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for $2.1 million. Since the inception of this program, the City Council has approved the installation of streetlights at various other locations in the City. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2021 was $1.5 million.

*Private Placement Financing***.** On June 18, 2014, the SAFA executed a 2014 Private Lease Financing in the amount of $45.1 million with three private placement providers: TPB Investment, Inc. ($22.0 million), Compass Mortgage Corporation ($10.0 million), and Capital One Public Funding, LLC ($13.1 million) for the purpose of refinancing existing debt. The unpaid balance as of June 30, 2021 was $17.0 million.

Streetlights Acquisition and Upgrade Project Financing. On April 6, 2018, the City executed an agreement with Siemens Industry, Inc., to purchase and install light emitting diode fixtures for citywide streetlight upgrades. The City also execute an agreement with Magellan Advisors to provide citywide fiber-optic and wireless broadband network consulting services. The City financed the project by entering into an equipment lease-purchase agreement with Holman Capital and an escrow deposit agreement with Signature Bank on April 6, 2018. The total amount financed was $6.6 million at an interest rate of 3.3% per annum. The amount outstanding as of June 30, 2021 was 6.0 million.

In addition to the obligations described above, the City has certain compensated absences and claims payable that qualify as long-term liabilities.

See Note 5 to the City's audited financial statements set forth in Appendix A for further information with respect to General Fund-Supported Obligations.

Short-Term Debt. The City currently has no short-term debt outstanding and does not expect to issue any in Fiscal Year 2022.

City Investment Policy

General. The City invests its funds in accordance with the City's investment policy (the "**Investment Policy**"), the most recent version of which was adopted on June 1, 2021. In accordance with Section 53600 *et seq*. of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. The City's Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth the following primary goals: (i) assure compliance with all federal, state and local laws governing investment of moneys, (ii) provide the safety of principal and sufficient liquidity and (iii) provide an investment return within the parameters of the Statement of Investment Policy and Investment Portfolio Guidelines.

The Investment Policy applies to all financial assets of the City, with the exception of bond proceeds. Finance and Management Services, Agency Treasury and customer service staff continually analyze the portfolio and act to safeguard assets and maintain liquidity, while earning a reasonable rate of return. On an annual basis, Treasury staff conducts an evaluation of the Investment Policy to determine compliance and applicable Federal and State regulations and with industry standards and best practices to determine if any enhancements or newly adopted rules and regulations are required to be incorporated within the document. Based on these regular staff evaluations period updates, revisions to the Investment Policy are recommended to the City Council which adopts the policy annually.

Summary of Investments. . A summary of the City's investments as of June 30, 2021 is set forth in the below table. General Fund cash and investments (based on market values) were equal to approximately $110 million or 22.8% of the total cash and investment portfolio as of June 30, 2021.

TABLE 16
City of Santa Ana
Summary of Investments and Cash as of June 30, 2021

Investments	
Federal Agency Securities	$ 258,240,383
ARPA-Local Agency Investment Fund	64,180,407
Local Agency Investment Fund	74,966,332
Total	**$ 397,387,122**
Investments with Fiscal Agent	
Fiscal Agent	$ 2,310,397
Money Market Funds	747,460
Total	**$ 3,057,857**
Total Investments	**$ 400,444,979**
Deposits with Financial Institutions	
Cash	
Cash on hand	$ 80,921,738
Total	**$ 80,921,738**
Total Investments and Cash	**$ 481,366,717**

Source: City's June 2021 Monthly Investment Report.

See Note 2 in Appendix A for further information with respect to City investments.

Other Post-Employment Benefits

OPEB Benefit Plan. In addition to the pension benefits that are described under the caption "CITY PENSION PLANS," the City provides a single-employer defined benefit healthcare plan (the "**OPEB Benefits**") for retired employees through PERS under the California Public Employees Medical & Hospital Care Act. OPEB Benefits are applied to all employee groups other than the Santa Ana Police Officers Association and the City Council of the City. Employees are eligible for OPEB Benefits if they retire from the City on or after the age of 50 for all Classic Members and PEPRA Safety members and age 52 for PEPRA Miscellaneous members with at least five years of PERS service credit or an approved disability retirement, and are eligible for a PERS pension. Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Inactive employees currently receiving benefits	437
Inactive employees entitled to but not yet receiving benefit payments	83
Active employees	490
Total	1,010

Source: City's Annual Financial Report for Fiscal Year 2020.

OPEB Benefit payments in Fiscal Year 2019 and Fiscal Year 2020 totaled $1,959,112 and $2,040,940, respectively.

The City's net 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 June 30, 2019. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City of Santa Ana
Actuarial Assumptions for OPEB Benefit Plan

Actuarial cost method	Entry Age Normal Cost
Discount Rate	2.79%
Inflation	2.75%
Projected salary increases	3.00%
Healthcare cost trend rate	Non-Medicare: 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 Medicare: 6.3% for 2020, decreasing to an ultimate rate of 4% in 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

Source: City's Annual Financial Report for Fiscal Year 2020.

Changes in the net liability for the City's OPEB Benefit plan for Fiscal Year 2020, the latest period for which such information is available, were as follows.

City of Santa Ana
Changes in OPEB Benefit Plan Liability

	Total OPEB Liability
Balance at June 30, 2019[(1)]	$56,891,621
Changes Recognized for the Measurement Period:	
Service Cost	1,399,500
Interest on the total OPEB liability	1,706,665
Differences between expected and actual experience	872,243
Changes of assumptions	(5,711,635)
Benefit payments	(2,040,940)
Net Changes during July 1, 2018 to June 30, 2019	(3,774,167)
Balance at June 30, 2020[(1)]	**$53,117,454**

(1) The table above is based on the valuation date of June 30, 2019 and the measurement date of June 30, 2019.
Source: City's Annual Financial Report for Fiscal Year 2020.

The following table presents the total OPEB liability of the City, calculated using the discount rate for the OPEB Plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.79%) or 1 percentage-point higher (3.79%) than the current discount rate:

City of Santa Ana
Sensitivity of the OPEB Benefit Plan Net Liability to Changes in the Discount Rate

Discount Rate	***Net OPEB Liability***	***Impact on Liability***
1.79%	$ 63,261,890	$10,144,436
2.79%	53,117,454	-
3.79%	45,225,706	7,891,748

Source: City's Annual Financial Report for Fiscal Year 2020.

Future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City's annual required OPEB Benefit plan contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB Benefits will have a material adverse effect on the ability of the City to pay the Bonds.

For additional information relating to the City's OPEB Benefit plan, see Note 4 to the City's audited financial statements set forth in Appendix A.

The City established a Section 115 Trust for its pension liability. The Trust is administered by Public Agency Retirement System. An initial deposit of $0.5 million was made during Fiscal Year 2016. No further deposits have been made to the Trust and none are budgeted for Fiscal Year 2022.

City Financial Statements

A copy of the most recent audited financial statements of the City (the "**Financial Statements**") for the Fiscal Year ended June 30, 2020, prepared by CliftonLarsonAllen LLP, Irvine, California (the "**Auditor**"), are included as Appendix A to this Official Statement. The Auditor's letter dated December 10, 2020 is set forth therein. The Financial Statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit analysis of the financial condition of the City, nor has the Auditor reviewed or audited this Official Statement.

Certain financial information that is set forth in this Official Statement is derived from the Financial Statements and the City's audited financial statements for prior years (excluding certain non-cash items and after certain other adjustments) and is qualified in its entirety by reference to such statements, including the notes thereto. The Auditor has not reviewed or audited such financial information or any other portion of this Official Statement.

In the Financial Statements, data relating to governmental funds such as the General Fund focus on current financial resources. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the City's balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances (which is set forth under the caption "—Change in Fund Balance of the City General Fund"), presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, certain grant revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

STATE OF CALIFORNIA BUDGET INFORMATION

Although the State is not a significant source of City revenues, there can be no assurance that the State's annual budget or other legislation will not materially adversely affect the financial condition of the City, in particular given that the City receives certain revenues such as sales tax proceeds and VLF from the State. The following information describes the State budget process and the current and upcoming State budgets.

General

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 State Department of Finance (the "**DOF**"), http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "**LAO**") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no 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.

Budget for State Fiscal Year 2022

On July 16, 2021, the Governor signed a series of bills representing the State budget for State Fiscal Year 2022 (the "**2021-22 Budget**"). The Governor's signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June 2021 to meet the required State Constitutional budget deadline. The following is drawn from the DOF summary of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for State Fiscal Year 2022, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021 (as discussed under the caption "THE CITY—COVID-19 Outbreak"), continued stock market appreciation and a significantly upgraded economic forecast from the prior State fiscal year. The 2021-22 Budget also reports that the State has received approximately $285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For State Fiscal Year 2021, the 2021-22 Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end State Fiscal Year 2021 with total available reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the BSA, $1.9 billion in the Public School System Stabilization Account and $450 million in the Safety Net Reserve Fund. For State Fiscal Year 2022, the 2021-22 Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end State

Fiscal Year 2022 with total available reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA, $4.5 billion in the Public School System Stabilization Account and $900 million in the Safety Net Reserve Fund.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for State Fiscal Year 2022 at $93.7 billion. This results in per-pupil funding of $13,976 from Proposition 98 funding, growing to $21,555 when accounting for all funding sources. The 2021-22 Budget also makes retroactive increases to the minimum school funding guarantee in Fiscal Years 2020 and 2021, setting them at $79.3 billion and $93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $47 billion from the level projected by the 2020-21 Budget.

Other significant features of the 2021-22 Budget include the following:

- General Apportionments – An increase of $395 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) $371.2 million to fund a 5.07% cost of living adjustment, and (ii) $23.8 million to fund 0.50% enrollment growth.

- Deferrals – $1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which $144.6 million is from State Fiscal Year 2020, $1.1 billion is from State Fiscal Year 2021 and $229.8 million is from State Fiscal Year 2022.

- Student Assistance – $250 million in one-time ARP Act funds to support emergency student financial assistance grants. The 2021-22 Budget also provides $160 million in Proposition 98 funding for student assistance, comprised of $100 million in one-time funding available over three years to address student basic needs including food and housing insecurity, $30 million in ongoing funding to support student mental health services and $30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.

- Workforce Programs – $42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides $20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.

- Facilities –$581.4 million in State general obligation bond funding, including $8.2 million to start nine new capital outlay projects and $573.2 million for the construction phase of 32 projects anticipated to complete design by spring 2022. In addition, the 2021-22 Budget provides $511 million in one-time Proposition 98 funding to address deferred maintenance.

For additional information regarding the 2021-22 Budget, see the DOF and LAO websites. The information presented on such websites is not incorporated herein by reference.

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

There can be no assurance that additional legislation will not be enacted in the future to implement provisions relating to the State budget, address the COVID-19 outbreak or otherwise that may affect the City or its General Fund revenues.

Potential Impact of State Financial Condition on the City

Currently, the COVID-19 pandemic is materially adversely impacting the financial condition of the State and has caused a recession which will likely result in significant increases in unfunded liabilities of the two main retirement systems managed by State entities, CalPERS and the CalSTRS. The State also has a significant unfunded liability with respect to other post-employment benefits.

Current and future State budgets will be significantly affected by the COVID-19 pandemic and other factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with the COVID-19 pandemic, the current recession and resulting changing State revenues and expenditures. There can be no assurance that, as a result of the COVID-19 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 COVID-19 pandemic will not materially adversely affect the financial condition of the City.

Future State Budgets

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in future years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current COVID-19 pandemic and associated economic downturn, over which the City has no control.

RISK FACTORS

Prospective purchasers of the Bonds should carefully consider all possible factors that may affect the ability of the City to pay principal of and interest on the Bonds. The Bonds may not be a suitable investment for all prospective purchasers.

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds and there can be no assurance that other risk factors will not become material in the future. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

City Obligations

The City has other obligations payable from its General Fund and other lawfully available funds of the City, including but not limited to debt obligations, lease obligations and certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional debt, lease or other obligations payable from the City's General Fund and other lawfully available funds in the future, which may reduce City moneys available to pay the Bonds.

In addition, although the Bonds are payable from all lawfully available funds of the City, the City has no obligation to levy taxes in order to raise sufficient revenues to pay the Bonds. See the caption "CITY FINANCIAL INFORMATION—Other Indebtedness" for a description of the City's current obligations.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For the past several Fiscal Years, sales tax revenues, including the Bradley-Burns allocation and the Measure X district add-on, have been the largest source of General Fund revenues to the City. Measure X, a 1-1/2 cent sales tax measure that was adopted in 2018 and expires in 2039, is expected to contribute a significant amount of revenue available for General Fund obligations of the City in the future. See the caption "CITY FINANCIAL INFORMATION—Sales Taxes."

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, during an economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to decline. An economic recession would also be expected to affect hotel occupancy within the City, and consequently, the amount of hotel visitor's taxes the City will receive. See the caption "THE CITY—COVID-19 Outbreak," "CITY FINANCIAL INFORMATION—Sales Taxes" and "CITY FINANCIAL INFORMATION—Other Taxes." Also, many categories of transactions are exempt from the Statewide sales tax, and additional categories could be exempted in the future. Currently, most sales of food products for human consumption, except for liquor and restaurant meals, are exempt from the Statewide sales tax. The rate of sales and use tax levied on taxable transactions in the City or the fee charged by the State Board of Equalization for administering the City's sales tax could also be changed.

In addition, changes or amendments by voter initiative could have an adverse effect on sales tax revenues received by the City. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Assessed Value of Taxable Property

Property taxes are the second largest source of the City's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See the captions "—Natural Disasters" and "—Hazardous Substances."

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. Also, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIIIA of the State Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8, which was adopted in 1978, require the County assessor to annually enroll either a property's adjusted base year value (the "**Proposition 13 Value**") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, such lower value is referred to as the "**Proposition 8 Value**."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make debt service payments on the Bonds.

Increasing Retirement-Related Costs

The City is required to make contributions to CalPERS and to the OPEB Benefit plan for City employees and retirees. Such obligations are a significant financial obligation of the City and could increase in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns and future changes to benefits or actuarial assumptions. Pension related payments in future years may increase as a result of losses in CalPERS' portfolio resulting from stock market declines. See the caption "THE CITY—COVID-19 Outbreak." There can be no assurances that actual increases in required pension related payments will not be greater than the amounts which are currently projected to be required by the City. See the captions "CITY PENSION PLANS" and "CITY FINANCIAL INFORMATION—Other Post-Employment Benefits."

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak," 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. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION."

Litigation

The City may be or become a party to litigation that has an impact on the General Fund. Although the City maintains certain insurance policies that provide liability coverage under certain circumstances and with respect to certain types of incidents (as discussed under the caption "THE CITY—Risk Management"), the City cannot predict what types of liabilities may arise in the future. See the caption "LITIGATION."

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, which results in significant damage within the City or otherwise significantly impacts the economy of the City could materially adversely affect the financial condition of the City. The City maintains liability insurance and property casualty insurance (exclusive of earthquake insurance) for City infrastructure. However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

See the caption "THE CITY—Risk Management."

Earthquakes are considered a threat to the City due to the City's highly active seismic region and the proximity of fault zones, including the San Andreas, the Newport-Inglewood-Rose Canyon and the Peralta Hills fault zones. These and other fault zones could influence the entire coastal portion of the State. In addition, there are likely to be unmapped faults in or near the City. Portions of the City lie within Seismic Hazard Zones for soil liquefaction and earthquake-induced landslides. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage, particularly to residential buildings, older wooden or unreinforced masonry buildings and mobile homes. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation. The City currently maintains limited earthquake insurance for certain City facilities, but it is not required to maintain such insurance or obtain such insurance in the future.

The State, including the City, is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially affect the City's economy and reduce its General Fund revenues, which could affect the payment of the principal of and interest on the Bonds. In particular, if a natural disaster were to result in reduced assessed valuations of property within the City, the amount of property tax revenues (which constitute the City's second largest source of General Fund revenues) could be reduced. See the caption "CITY FINANCIAL INFORMATION—Property Taxes."

The City maintains liability insurance and property casualty insurance (exclusive of earthquake insurance) for City infrastructure. See the caption "THE CITY—Risk Management." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

Hazardous Substances

The discovery of any hazardous substance that would limit the beneficial use of a property within the City could result in a reduction in the assessed value of affected parcels. 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, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any substantial amount of property within the City 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, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the City, which could significantly and adversely affect the operations and finances of the City and the City's ability to pay the Bonds. See the caption "—Assessed Valued of Taxable Property."

The City has not independently verified, but is not aware of, the presence of any hazardous substances in the City except in connection with everyday business activities such as gas stations and dry cleaning establishments having a material adverse effect on property values in the City. Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The City employs a multi-level cyber protection scheme that includes network firewalls, server- and personal computer- level anti-virus software, anti-spam/malware software, email protection as well as intrusion protection. The City employs intrusion protection and expects that any such disruptions would be temporary in nature. To date, the City has not experienced a major attack on its computer operating systems. However, no assurances can be given that the City's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial.

Limitation on Sources of Revenues

Although the Bonds are payable from all lawfully available funds of the City, the City has no obligation to levy taxes, assessments, fees or charges in order to raise sufficient revenues to pay the Bonds. In the event that the City were to choose to do so, the State Constitution contains significant limitations and imposes significant procedural requirements which affect the City's ability to increase City revenues. In addition, under the State Constitution, voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. The City is unable to predict whether any such initiatives or referenda might be submitted to or approved by the voters, the nature of such initiatives or referenda or their potential impact on the City and its operations.

See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Economy of City and State

A deterioration in the level of economic activity in the City, the State or the United States, including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak," could have a material adverse effect on the City's general revenues and on the ability of the City to pay principal of and interest on the Bonds. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION" for information about the State's economy and State budget. See also "CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information."

Limitation on Remedies; Bankruptcy

General. The enforcement of any remedies that are provided for in the Trust Agreement could prove both expensive and time consuming. The rights and remedies that are provided in the Trust Agreement may be limited by and are subject to: (i) the limitations on legal remedies against cities in the State, including State Constitutional limits on expenditures and limitations on the enforcement of judgments against funds that are needed to serve the public welfare and interest; (ii) federal bankruptcy laws, as now or later enacted, as discussed in detail under the caption "—Bankruptcy" below; (iii) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect; (iv) equity principles which may limit the specific enforcement under State law of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the Constitution; and (vi) the reasonable and necessary exercise, in certain exceptional situations, of the police powers that are inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. 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.

The legal opinions that will be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Trust Agreement and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities in the State.

Failure by the City to pay principal of or interest on the Bonds or failure to observe and perform any other terms, covenants or conditions of the Trust Agreement for a period of 60 days after written notice of such failure and request that it be remedied has been given to the City by the Trustee, constitute events of default under the Trust Agreement and permit the Trustee to pursue the remedies that are described in the Trust Agreement. In the event of a default, there is no right under any circumstances to accelerate payment of the Bonds or otherwise declare any Bonds that are not then in default to be immediately due and payable.

Any suit for money damages against the City would be subject to 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.

Bankruptcy. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the City, may become subject to the provisions of Title 11 of the 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 later in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against 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, involuntary petitions are not permitted. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the Trustee could be prohibited from taking any steps to enforce their rights under the Trust Agreement or from taking any steps to collect amounts due from the City on the Bonds.

In particular, if 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 case. 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, and which could prevent the Trustee from making payments from funds in its possession; (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 secured debt which may have a priority of payment that is superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an "**Adjustment Plan**") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee. If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations to the Bonds and it may not be obligated to turn over to the Trustee any moneys that have been allocated to the Bonds in the City treasury. As a result, the Bonds would likely be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Owners of the Bonds could suffer substantial losses.

The Adjustment Plans approved by the bankruptcy courts in connection with the bankruptcies of the cities of Stockton and San Bernardino, among others, resulted in significant reductions in the amounts payable by such city under pension obligation bonds that were substantially identical or similar to the Bonds. Specifically, in the Stockton bankruptcy, the court held that CalPERS was an unsecured creditor of the city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to CalPERS. The City can provide no assurances about the outcome of the bankruptcy cases of other municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

The City may be able, without the consent and over the objection of the Trustee or the Owners of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Owners of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact that a City bankruptcy proceeding has occurred could have an adverse effect on the liquidity and value of the Bonds.

Limitation on Trustee's Obligations

The Trustee has no obligation to advance its own funds to pursue any remedies. As a consequence, the Trustee's willingness and ability to pursue any of the remedies provided in the Trust Agreement may be dependent upon the availability of funds from an interested party. There can be no assurance that the Trustee will be willing and able to perform its duties under the Trust Agreement.

Limited Secondary Market

Investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risks of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

In addition, the City will enter into a continuing disclosure undertaking pursuant to Rule 15c2-12 in connection with the issuance of the Bonds. Any material failure to comply with such undertaking and Rule 15c2-12 in the future may adversely affect the liquidity of the affected Bonds and their market price in the secondary market. See the caption "CONTINUING DISCLOSURE."

Changes in Law

There can be no assurance that the electorate of the State will not adopt additional initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State in a manner that results in a reduction of General Fund revenues of the City and consequently, has an adverse effect on the security for the Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. The amendment, which added Article XIIIA to the State Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value', or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to December 1, 1978 and bonded indebtedness for the acquisition or improvement of real property approved on or after December 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition (55% in the case of certain school facilities). Property taxes that are subject to Proposition 13 are a significant source of the City's General Fund revenues. See the caption "CITY FINANCIAL INFORMATION—Property Taxes."

Legislation enacted by the State Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (for new construction, change of ownership or 2% annual value growth) is 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 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.

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on its General Fund revenues or the assessed valuation of real property within the City's boundaries.

Article XIIIB of the State Constitution

On November 6, 1979, State voters approved an initiative entitled "Limitation on Government Appropriations," which added Article XIIIB to the State Constitution. Under Article XIIIB, State and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues and investment proceeds thereof, certain State subventions and regulatory license fees, user charges and user fees to the extent that the proceeds thereof exceed the costs of providing such services, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of October 1, 1979 or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIIIB, if those entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Increases in appropriations by a governmental entity are permitted: (i) if financial responsibility for providing services is transferred to a governmental entity; or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

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.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the State Constitution.

Proposition 62

On November 4, 1986, State voters approved an initiative ("**Proposition 62**") 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 taxes on the sale of real property by local governmental entities; and (f) requires that any tax that is 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 State Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220 (1995).

Following the *Guardino* decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. In 2001, the State Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*., 25 Cal.4th 809 (2001). In *La Habra*, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City believes that all of the taxes that the City currently collects comply with the requirements of Proposition 62. However, the requirements of Proposition 62 are largely 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 the caption "—Proposition 218" below.

Proposition 218

On November 5, 1996, State voters approved Proposition 218, an initiative measure entitled the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments (meaning any levy or charge upon real property for a special benefit conferred upon the real property) and property-related fees and charges. Proposition 218 states that all taxes which are imposed by local governments are deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge may be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (a) the *ad valorem* property tax imposed pursuant to Articles XIII and XIIIA of the State Constitution; (b) any special tax receiving a two-thirds vote pursuant to the State Constitution; and (c) assessments, fees and charges for property-related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions is to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

In the case of assessments, fees and charges, in most instances, in the event that the City is unable to collect revenues relating to specific programs as a consequence of Proposition 218, the City will curtail such services rather than use amounts in the General Fund to finance such programs. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City's General Fund in the event that the assessments, fees or charges which presently finance them are reduced or repealed.

Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and is not limited to property-related taxes or other charges, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City's General Fund or Self-Restricted Funds.

Although a portion of the City's General Fund revenues are derived from general taxes purported to be governed by Proposition 218, as discussed under the caption "CITY FINANCIAL INFORMATION," the City believes that all of such taxes were imposed in accordance with the requirements of Proposition 218.

In addition, the City's Business License Taxes and Utility Users Taxes were adopted prior to the implementation of Proposition 218, and the City believes that these taxes at their current levels are exempt from Proposition 218.

Unitary Property

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to a statutory formula that is generally based on the distribution of taxes in the prior year.

Proposition 1A

As part of former Governor Schwarzenegger's agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the State Legislature and subsequently approved by the voters as Proposition 1A ("**Proposition 1A**") at the November 2, 2004 general election. Proposition 1A amended the State Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and VLF revenues as of November 3, 2004. Beginning with Fiscal Year 2009, the State was entitled to borrow up to 8% of local property tax revenues, but only if the Governor proclaimed that such action was necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approved the borrowing. The amount borrowed was required to be paid back within three years with interest. The State also was not able to borrow from local property tax revenues for more than two Fiscal Years within a period of ten Fiscal Years. In addition, the State could not reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the Statewide local sales tax.

The Fiscal Year 2010 State budget included a Proposition 1A diversion of $1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State general fund spending. Such diverted revenues were required to be repaid, with interest, by no later than June 30, 2013. Many provisions of Proposition 1A were superseded by Proposition 22. See the caption "—Proposition 22."

Proposition 22

On November 2, 2010, State voters approved Proposition 22, which 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 and special districts, 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 22 superseded certain provisions of Proposition 1A. See the captions "—Proposition 1A" and "CITY FINANCIAL INFORMATION—Property Taxes."

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amended Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) 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; (c) a charge imposed for the reasonable regulatory costs of a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA and XIIIB and Propositions 62, 218, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. The limitations imposed upon the City by these provisions hinder the City's ability to raise revenues through taxes or otherwise and may therefore prevent the City from meeting increased expenditure requirements. From time to time other initiative measures could be adopted, further affecting the City's current revenues or its ability to raise and expend revenues. Any such future initiatives could have a material adverse effect on the City's financial condition.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("**Bond Counsel**"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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, as amended (the "**Code**"), but is exempt from State of California personal income tax.

With certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner's basis in the Bond. Beneficial Owners of the Bonds should consult their own tax advisors with respect to taking into account any original issue discount on the Bonds.

The amount by which a Bond Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Bond may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Bond Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received with respect to the Bonds), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. The Beneficial Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the Bonds, such Bonds might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the Beneficial Owner's adjusted tax basis in such Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a Bond Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D.

VALIDATION

On March 17, 2021, the City, acting pursuant to the provisions of Section 860 *et seq*. of the California Code of Civil Procedure, filed the Validation Petition in the Court seeking judicial validation of the transactions relating to the CalPERS Contract and the Bonds and certain other matters. On June 25, 2021, the court entered the Validation Judgment to the effect, among other things that: (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law; and (ii) the City has the authority under State law to provide for the refunding of its Pension Liability by issuing the Bonds and applying the proceeds of the Bonds to the retirement of its Pension Liability. Pursuant to Section 870 of the California Code of Civil Procedure, the last day to timely file a notice of appeal to the Validation Judgment was July 25, 2021. On July 25, 2021, the judgment became binding and conclusive in accordance with State law.

The City is unaware of any threatened challenge to the Validation Judgment. In issuing its approving opinion, Bond Counsel will rely, among other things, upon the Validation Judgment.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix D. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney, for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto.

LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City Attorney, such other lawsuits and claims which are presently pending will not have a material adverse effect on the ability of the City to pay the principal of and interest on the Bonds.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned the Bonds the rating of "AA."

A rating is not a recommendation to buy, sell or hold securities. Future events, including the impacts of the COVID-19 pandemic that is described under the caption "THE CITY—COVID-19 Outbreak," could have an adverse impact on the rating of the Bonds, and there is no assurance that any credit rating that is given to the Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant, nor can there be any assurance that the criteria required to achieve the rating on the Bonds will not change during the period that the Bonds remain outstanding.

Any qualification, downward revision, lowering or withdrawal of the rating on the Bonds may have an adverse effect on the market price of the Bonds. Such rating reflects only the current views of S&P (which could change at any time), and an explanation of the significance of such rating may be obtained from S&P. Generally, S&P bases its ratings on information and materials furnished to it (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by S&P.

The City has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the Bonds with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change.

CONTINUING DISCLOSURE

The City has covenanted in a Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the "**Continuing Disclosure Certificate**"), for the benefit of the Owners and Beneficial Owners of the Bonds to provide, or cause to be provided, certain financial information and operating data relating to the City by not later than each March 31 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), and to provide, or cause to be provided, notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriters in complying with Section (b)(5) of Rule 15c2-12, as amended.

In the past five years the City and its related entities have failed on one occasion to comply with their respective prior continuing disclosure undertakings: the City failed to file notice of a rating upgrade on its Gas Tax Revenue Certificates of Participation (2007 Local Street Improvement Project) (the "2007 COPs") that occurred on November 7, 2019. The 2007 COPs were prepaid in their entirety on December 23, 2019.

In order to assist with compliance with its continuing disclosure obligations going forward, the City has adopted a Debt Management Policy which includes continuing disclosure procedures and retained Urban Futures, Inc. to assist in the preparation and filing of continuing disclosure reports and notices of enumerated events.

UNDERWRITING

The Bonds are being purchased by BofA Securities, Inc., as representative of itself, Samuel A. Ramirez & Co., Inc. and Stifel, Nicolaus & Company, Incorporated (collectively, the "**Underwriters**"), pursuant to a purchase agreement, dated the date hereof, by and between the City and the Underwriters. The Underwriters will purchase the Bonds from the City at an aggregate purchase price of $__________, representing the principal amount of the Bonds, less $__________ of Underwriter's discount.

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

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 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.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, such services for the City for which they received or will receive customary fees and expenses.

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

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Tustin, California (the "**Municipal Advisor**") as its municipal advisor in connection with the sale 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 herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Trust Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies of the Trust Agreement, in reasonable quantities, may be obtained during the offering period from the Underwriters and thereafter upon request to the principal corporate trust office of the Trustee. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the City. This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or owners of any of the Bonds.

CITY OF SANTA ANA

By:____
City Manager

APPENDIX A

AUDITED FINANCIAL STATEMENTS

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF SANTA ANA

This appendix sets forth general economic and demographic information in and about the City of Santa Ana ("Santa Ana") including information with respect to its finances. The following information concerning Santa Ana, County of Orange (the "County") and the State of California (the "State") is included only for general background purposes. It is not intended to suggest that the Bonds are payable from any source other than Deposit Amounts.

Most of the information in this Appendix is dated prior to the onset of the COVID-19 pandemic, which has had a significant adverse impact on the nation, State and local economy, including, but not limited to, a dramatic increase in unemployment levels. See the captions "INTRODUCTION—COVID-19 Impact" and "RISK FACTORS—COVID-19 Pandemic."

Population

The following table shows the estimated population growth for the City, the County and the State for the years shown:

POPULATION
For Years 2017-2021

Calendar Year[(1)]	*City of Santa Ana*	*Orange County*	*State of California*
2017	337,181	3,180,125	39,352,398
2018	336,077	3,186,254	39,519,535
2019	334,231	3,185,378	39,605,361
2020	331,304	3,180,491	39,648,938
2021	331,269	3,153,764	39,466,855

(1) As of January 1 of each year.
Source: State of California Department of Finance.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by 51.7% between 2010 and 2019. The following table summarizes personal income for the County for 2010 through 2019.

PERSONAL INCOME
Orange County
2010-2019
(Dollars in Thousands)

Year	*Orange County*	*Annual Percent Change*
2010	$150,142,961	N/A
2011	157,105,840	4.6%
2012	170,496,109	8.5
2013	170,043,949	(0.003)
2014	178,944,507	5.2
2015	193,121,369	7.9
2016	200,784,210	4.0
2017	209,642,971	4.4
2018	218,878,441	4.4
2019	227,732,561	4.0

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

The following table summarizes per capita personal income for the County, California and the United States for 2010-2019. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Orange County, State of California and the United States
2010-2019

Year	*Orange County*	*California*	*United States*
2010	$49,796	$43,636	$40,547
2011	51,522	46,175	42,739
2012	55,391	48,813	44,605
2013	54,765	49,303	44,860
2014	57,234	52,363	47,071
2015	61,322	55,833	49,019
2016	63,439	58,048	50,015
2017	66,044	60,549	52,118
2018	68,917	63,720	54,606
2019	71,711	66,619	56,490

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

Employment

The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County, the State of California and the nation as a whole.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2016 through 2020

Year and Area	*Labor Force*	*Civilian Employment*[1]	*Unemployment*[2]	*Unemployment Rate*[3]
2016				
City of Santa Ana	157,200	150,700	6,500	4.1%
Orange County	1,597,300	1,532,700	64,500	4.0
California	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Santa Ana	157,300	151,600	5,700	3.6%
Orange County	1,607,800	1,551,500	56,300	3.5
California	19,176,400	18,257,100	919,300	4.8
United States	160,320,000	153,338,000	6,982,000	4.4
2018				
City of Santa Ana	157,700	153,000	4,700	3.0%
Orange County	1,617,900	1,569,800	48,100	3.0
California	19,280,800	18,460,700	820,100	4.3
United States	162,074,000	155,761,000	6,314,000	3.9
2019				
City of Santa Ana	158,400	153,800	4,600	2.9%
Orange County	1,623,400	1,578,300	45,100	2.8
California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
2020[4]				
City of Santa Ana	152,200	138,400	13,900	9.1%
Orange County	1,553,300	1,416,700	136,600	8.8
California	18,916,400	17,246,800	1,669,600	8.8
United States	160,567,000	149,830,000	10,736,000	6.7

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) As of December 2020.
Source: California Employment Development Department, based on March 2020 benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The table below summarizes employment by industry in Anaheim-Santa Ana-Irvine MD from 2016 to 2020. Service Providing, Professional and Business Services and Government are the largest employment sectors in Anaheim-Santa Ana-Irvine MD.

ANAHEIM-SANTA ANA-IRVINE MD
(ORANGE COUNTY)
Annual Average Industry Employment 2016-2020

	2016	***2017***	***2018***	***2019***	***2020***
Total Farm	2,400	2,100	2,000	1,900	1,800
Total Nonfarm	1,586,300	1,619,200	1,651,800	1,673,500	1,524,700
Total Private	1,426,700	1,459,000	1,490,600	1,510,900	1,369,000
Goods Producing	255,600	262,600	267,000	266,400	251,300
Mining & Logging	300	500	500	500	300
Construction	97,000	101,400	105,900	106,200	101,900
Manufacturing	158,200	160,700	160,700	159,800	149,000
Service Providing	1,330,700	1,356,600	1,384,800	1,407,100	1,273,400
Private Service Providing	1,171,100	1,196,500	1,223,600	1,244,500	1,117,700
Trade, Transportation & Utilities	258,500	260,500	261,600	259,500	241,600
Wholesale Trade	78,600	79,000	79,800	79,400	74,700
Retail Trade	152,600	153,500	152,600	150,600	137,500
Transportation, Warehousing & Utilities	27,200	28,000	29,200	29,500	29,400
Information	26,000	26,800	26,700	26,000	24,200
Financial Activities	118,000	119,600	118,700	117,600	115,300
Professional & Business Services	299,600	304,800	317,400	328,700	307,100
Educational & Health Services	206,600	216,400	225,200	233,100	224,000
Leisure & Hospitality	212,000	218,100	222,600	227,700	161,500
Other Services	50,500	50,300	51,400	52,000	44,000
Government	159,600	160,200	161,200	162,500	155,700
Total, All Industries	1,588,700	1,621,300	1,653,800	1,675,300	1,526,600

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Anaheim-Santa Ana-Irvine MD Industry Employment & Labor Force – by Annual Average, March 2020 Benchmark.

Industry

The following tables show the largest employers located in the City as of Fiscal Year 2019-20:

CITY OF SANTA ANA
PRINCIPAL EMPLOYERS
As of June 30, 2020

Name of Company	*Number of Employees*	*Percentage of Total City Employment*
County of Orange	18,798	12.4%
Santa Ana Unified School District	5,723	3.8
Santa Ana College	3,641	2.4
KPC Healthcare	1,761	1.2
First American Title Insurance Company	1,742	1.2
City of Santa Ana	1,287	0.9
United States Postal Service	1,248	0.8
Superior County of California-County of Orange	756	0.5
Johnson & Johnson	615	0.4
Aluminum Precision Products	563	0.4

Source: City's Annual Financial Report for Fiscal Year 2020.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for the years 2016 through 2020.

CITY OF SANTA ANA
TABLE OF TAXABLE TRANSACTIONS BY TYPE
For the Years 2016 Through 2020
(000's)

	2016	*2017*	*2018*	*2019*	*2020*
Motor Vehicle and Parts Dealers	$ 565,807	$ 584,616	$ 589,776	$ 601,281	$ 544,899
Home Furnishings and Appliances	175,399	169,705	167,405	147,060	122,940
Building Materials Garden Equipment and Supplies Dealers	296,262	308,628	306,320	298,616	313,496
Food and Beverage Stores	222,913	227,584	229,516	222,719	224,048
Gasoline Stations	274,286	296,337	333,361	340,118	218,626
Clothing and Clothing Accessories Stores	270,747	240,446	236,286	222,453	150,643
General Merchandise Stores	250,061	245,197	247,832	258,752	252,304
Food Services and Drinking Places	497,404	538,253	535,880	553,645	434,190
Other Retail Group	376,314	398,628	478,198	470,060	383,724
Total Retail and Food Services	2,935,194	3,009,394	3,124,575	3,114,706	2,644,869
All Other Outlets	1,199,708	1,186,128	1,279,960	1,290,897	1,131,581
Total All Outlets	**$4,134,902**	**$4,195,522**	**$4,404,535**	**$4,405,602**	**$ 3,776,450**

Source: California Department of Tax and Fee Administration.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the applicable document for a full and complete statement of the provisions thereof.

DEFINITIONS; INTERPRETATION

APPENDIX D

FORM OF BOND COUNSEL OPINION

__________, 2021

City Council
City of Santa Ana
Santa Ana, California

Re: $__________ City of Santa Ana 2021 Taxable Pension Obligation Bonds, Series A

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of Santa Ana (the "City") relative to the issuance and sale by the City of its 2021 Taxable Pension Obligation Bonds, Series A, in the aggregate principal amount of $__________ (the "Bonds"), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Trust Agreement, dated as of September 1, 2021 (the "Trust Agreement"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds have been issued for the purpose of refunding the City's obligations to the California Public Employees Retirement System ("CalPERS") evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, effective July 1, 1948, as such contract has been amended from time to time, to pay amortized, unfunded accrued liability with respect to pension benefits under the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code.

In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on June 25, 2021 by the Superior Court of the County of Orange in the action entitled *City of Santa Ana v. All Persons Interested et al.*, Case No. 30-2021-01191790-CU-PT-CJC, and cover certain matters that are not directly addressed by such authorities. The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of issuance of the Bonds.

The Bonds are dated the date hereof, and mature on the dates and bear interest at the rates per annum set forth in the Trust Agreement. The Bonds are registered bonds in the forms set forth in the Trust Agreement, redeemable in the amounts, at the times and in the manner provided for in the Trust Agreement. All terms which are not defined herein have the meanings ascribed to those terms in the Trust Agreement.

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

1. The Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and issued by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

4. Interest on the Bonds is exempt from State of California personal income tax.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Trust Agreement permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

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

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Trust Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State; provided, however, that we express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the Bonds or the Trust Agreement.

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

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by the City of Santa Ana (the "**City**") in connection with the issuance by the City of its $__________ 2021 Taxable Pension Obligation Bonds, Series A (the "**Bonds**"). The Bonds are being issued pursuant to a Trust Agreement, dated as of September 1, 2021 (the "**Trust Agreement**"), by and between the City and U.S. Bank National Association, as trustee (the "**Trustee**"). The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term "Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

Dissemination Agent shall mean, initially, Urban Futures Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and there has been filed with the then current Dissemination Agent a written acceptance of such designation.

EMMA. The term "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

Financial Obligation. The term "Financial Obligation" means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

Holder. The term "Holder" means a registered owner of the Bonds.

Listed Events. The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term "Official Statement" means the Official Statement dated January 13, 2021 relating to the Bonds.

Participating Underwriter. The term "Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The City shall provide, or cause the Dissemination Agent to provide, not later than each March 31 following the end of its Fiscal Year (commencing March 31, 2022 with the Fiscal Year 2021 Annual Report) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is other than the City, not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) days prior to 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 subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send a notice in a timely manner to EMMA stating that the Annual Report has not been filed.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of EMMA for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA. The Dissemination Agent's duties under this clause (ii) shall exist only if the City provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the EMMA system or in another manner approved under the Rule.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain the following information:

(i) The principal amount of the Bonds outstanding;

(ii) The City's adopted general fund and restricted funds budget for the fiscal year then ended;

(iii) The City's Unfunded Actuarial Liability for the most recently completed Fiscal Year;

(iv) The City's Net Other Post-Employment Benefits Liability for the most recently completed Fiscal Year; and

(v) The information in Tables 1, 7, 9, 10, 11, 12, 13, 14, 15 and 16 for the most recently completed Fiscal Year or the current Fiscal Year, as applicable.

The items described above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the City shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, 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 more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. ratings changes;

9. bankruptcy, insolvency, receivership or similar proceedings. Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, 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 more than ten (10) Business Days after occurrence:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bond holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving 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;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) The City hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the City and that the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Event described in subparagraph (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holder of affected Bonds pursuant to the Trust Agreement. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subparagraph (e) prior to the occurrence of such Listed Event

6. Termination of Obligation. The obligations of the City and the Dissemination Agent under this Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If any 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 the same manner as for a Listed Event under Section 5(c).

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 the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Inc. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Dissemination Agent or any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: __________, 2021

CITY OF SANTA ANA

By: ____
Its: City Manager

APPENDIX F

BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity (provided that if the aggregate principal amount of any single maturity exceeds $500,000,000, separate bond certificates shall be issued for each $500,000,000 and any amount in excess thereof and subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. Beneficial interests in the Bonds may be held through DTC, Clearstream Banking, S.A. or Euroclear Bank SA/NV as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system. See "APPENDIX D PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" for a description of DTC, Clearstream Banking, S.A., Euroclear Bank SA/NV as operator of the Euroclear System, and certain of their responsibilities, and the provisions for registration and registration of transfer of the Bonds if the book-entry-only system of registration is discontinued.

Depository Trust Company Procedures

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City 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 City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City 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.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE

VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Global Clearance Procedures

Beneficial interests in the Bonds may be held through DTC, Clearstream Banking, S.A. ("Clearstream") or Euroclear Bank SA/NV ("Euroclear") as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system.

Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfer Procedures. Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Issuer will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Issuer on the date of delivery of the Bonds.

Secondary Market Trading. Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of the Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. It is expected that the Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The CUSIP numbers for the Bonds are set forth on the inside cover of the Official Statement.

General. Neither Euroclear nor Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

NEITHER THE ISSUER NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY FOR THE PERFORMANCE BY EUROCLEAR OR CLEARSTREAM OR THEIR RESPECTIVE DIRECT OR INDIRECT PARTICIPANTS OR ACCOUNT HOLDERS OF THEIR RESPECTIVE OBLIGATIONS UNDER THE RULES AND PROCEDURES GOVERNING THEIR OPERATIONS OR THE ARRANGEMENTS REFERRED TO ABOVE.