

AGENDA



Garden Grove City
Council

Tuesday, October 13,
2020

6:30 PM

Community Meeting
Center 11300 Stanford
Avenue Garden Grove
California 92840

Steven R. Jones

Mayor

John R. O'Neill

Mayor Pro Tem - District 2

George S. Brietigam

Council Member - District 1

Diedre Thu-Ha Nguyen

Council Member - District 3

Patrick Phat Bui

Council Member - District 4

Stephanie Klopfenstein

Council Member - District 5

Kim B. Nguyen

Council Member - District 6

COVID-19 Information: Masks are required to be worn and adherence to six foot distancing from others when attending public meetings.

Meeting Assistance: Any person requiring auxiliary aids and services, due to a disability, to address the City Council, should contact the City Clerk's Office 72 hours prior to the meeting to arrange for accommodations. Phone: (714) 741-5040.

Agenda Item Descriptions: Are intended to give a brief, general description of the item. The City Council may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda.

Documents/Writings: Any revised or additional documents/writings related to an item on the agenda distributed to all or a majority of the Council Members within 72 hours of a meeting, are made available for public inspection at the same time (1) in the City Clerk's Office at 11222 Acacia Parkway, Garden Grove, CA 92840, during normal business hours; (2) on the City's website as an attachment to the City Council meeting agenda; and (3) at the Council Chamber at the time of the meeting.

Public Comments: Members of the public desiring to address the City Council are requested to complete a **pink speaker card** indicating their name and address, and identifying the subject matter they wish to address. This card should be given to the City Clerk prior to the start of the meeting. General comments are made during "Oral Communications" and should be limited to matters under consideration and/or what the City Council has jurisdiction over. Persons wishing to address the City Council regarding a Public Hearing matter will be called to the podium at the time the matter is being considered.

Manner of Addressing the City Council: After being called by the Mayor, you may approach the podium, it is requested that you state your name for the record, and proceed to address the City Council. All remarks and questions should be addressed to the City Council as a whole and not to individual Council Members or staff members. Any person making impertinent, slanderous, or profane remarks or who becomes boisterous while addressing the City Council shall be called to order by the Mayor. If such conduct continues, the Mayor may order the person barred from addressing the City Council any further during that meeting.

Time Limitation: When any group of persons wishes to address the City Council on the same subject matter, the Mayor may request a spokesperson be chosen to represent the group, so as to avoid unnecessary repetition. At the City Council's discretion, a limit on the total amount of time for public comments during Oral Communications and/or a further limit on the time allotted to each speaker during Oral Communications may be set.

PLEASE SILENCE YOUR CELL PHONES DURING THE MEETING.

AGENDA

ROLL CALL: COUNCIL MEMBER BRIETIGAM, COUNCIL MEMBER D. NGUYEN, COUNCIL MEMBER BUI, COUNCIL MEMBER KLOPFENSTEIN, COUNCIL MEMBER K. NGUYEN, MAYOR PRO TEM O'NEILL, MAYOR JONES

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

1. PRESENTATIONS

1.a. Orange County Mosquito and Vector Control District update.

2. ORAL COMMUNICATIONS (to be held simultaneously with other legislative bodies)

RECESS

CONDUCT OTHER LEGISLATIVE BODIES' BUSINESS

RECONVENE

3. CONSENT ITEMS

(Consent Items will be acted on simultaneously with one motion unless separate discussion and/or action is requested by a Council Member.)

3.a. Adoption of a Proclamation proclaiming October 2020 as National Code Compliance Month. *(Action Item)*

3.b. Adoption of a Proclamation declaring the week of October 25 through October 31, 2020, as "Childhood Lead Poisoning Prevention Week." *(Action Item)*

3.c. Adoption of a Resolution approving the Revised 2020 City of Garden Grove Investment Policy. *(Action Item)*

3.d. Appropriation of \$22,950 in grant funds related to Coronavirus relief funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). *(Action Item)*

3.e. Receive and file minutes from the meeting held on September 22, 2020. *(Action Item)*

3.f. Receive and file warrants. (*Action Item*)

3.g. Approval to waive full reading of ordinances listed. (*Action Item*)

4. PUBLIC HEARINGS

(*Motion to approve will include adoption of each Resolution unless otherwise stated.*)

4.a. Introduction and first reading of an Ordinance approving
Amendment No. A-029-2020

Entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING AMENDMENT NO. A-029-2020 TO AMEND THE CITY'S OFFICIAL ZONING MAP TO CHANGE THE ZONING OF THE PROPERTY, LOCATED AT 8932 KATELLA AVENUE (ASSESSOR'S PARCEL NO. 132-041-21), FROM O-P (OFFICE PROFESSIONAL) TO C-1 (NEIGHBORHOOD COMMERCIAL). (*Action Item*)

5. ITEMS FOR CONSIDERATION

5.a. Adoption of a Resolution approving an Installment Purchase Agreement for issuance of Water Revenue Bonds, Series 2020A, and other related documents. (*Action Item*)

6. MATTERS FROM THE MAYOR, CITY COUNCIL MEMBERS, AND CITY MANAGER

6.a. Discussion on a proposed proclamation honoring October 2020 as Domestic Violence Awareness Month as requested by Council Member Kim Nguyen.

7. ADJOURNMENT

The next Regular City Council Meeting will be on Tuesday, October 27, 2020, at 5:30 p.m. in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

Happy Birthday to Mayor Jones

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Lisa L. Kim

Dept.: City Manager Dept.: Community and Economic Development

Subject: Adoption of a Proclamation proclaiming October 2020 as National Code Compliance Month. (*Action Item*) Date: 10/13/2020

Attached is a Proclamation proclaiming October 2020 as National Code Compliance Month recommended for adoption.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Proclamation	9/30/2020	Proclamation	10-13-20_National_Code_Compliance_Month.docx

Proclamation

National Code Compliance Month

October 2020

WHEREAS, Code Enforcement Officers provide for safety and welfare of the citizens throughout the United States through the enforcement of local codes or ordinances facing various issues of building, zoning, housing, animal control, environmental, health and life safety; and

WHEREAS, Code Enforcement Officers often have a challenging and demanding role and often do not receive recognition for the job that they do in improving living and working conditions for residents and businesses of local communities; and

WHEREAS, the role of many Code Enforcement Officers has expanded in recent years with the increased number of foreclosed and abandoned homes in communities impacted economically; and

WHEREAS, Code Enforcement Officers are dedicated, and high qualified professionals who share the goals of preventing neighborhood deterioration, enhancing and ensuring safety, and preserving property values through knowledge and application of housing, zoning, and nuisance codes and ordinances; and

WHEREAS, Code Enforcement Officers often have a highly-visible role in the communities they serve and regularly interact with a variety of state officials, county officials, first responders, legislative boards, commissions, agencies, and bodies; and

WHEREAS, Code Enforcement Officers are called upon to provide quality customer service and excellence to the residents and businesses of the communities in which they serve; and

WHEREAS, the American Association of Code Enforcement wants to recognize and honor Code Enforcement Officers and Professionals all across the United States and bring awareness to the Importance of Code Enforcement to the communities of the United States; and

NOW, THEREFORE, the Garden Grove City Council does hereby proclaim the month of October 2020 as National Code Compliance Month and call upon municipalities and communities to join in recognizing and expressing their appreciation for the dedication and service by the individuals who serve as our Code Enforcement Officers.

October 13, 2020

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Teresa Pomeroy

Dept.: City Manager Dept.: City Clerk

Subject: Adoption of a Date: 10/13/2020
Proclamation declaring the
week of October 25 through
October 31, 2020, as
"Childhood Lead Poisoning
Prevention Week." (*Action
Item*)

Attached is a Proclamation declaring the week of October 25 through October 31, 2020, as "Childhood Lead Poisoning Prevention Week" recommended for adoption.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Proclamation	10/8/2020	Proclamation	10-13- 20_2020_Proclamation_Sample_- _OC_CLPPP.pdf

PROCLAMATION

Childhood Lead Poisoning Prevention Week
October 25-31, 2020

WHEREAS, Childhood lead poisoning is a silent, but very harmful environmental disease that can cause serious long-term harm, including developmental delays, learning disabilities, cognitive and behavior disorders and in the most severe cases, coma, seizures and death;

WHEREAS, Toddlers and young children under the age of six years in low income families and those living in pre-1978 housing are at higher risk of lead poisoning;

WHEREAS, In Orange County cases of lead poisoning in children continue to occur. Almost 400 children ages 0 to 5 years were identified in 2018 with increased blood lead levels;

WHEREAS, Children who have lead poisoning may not look or act sick. The best way to identify children with lead poisoning is through targeted screening of high risk children with a blood lead test;

WHEREAS, Lead hazards are most prevalent in pre-1978 paint, dust, soil, lead dust brought home on parents' work clothes, some imported ceramic pottery, traditional home remedies, some imported spices, candies and foods, and hobbies involving lead products. Discontinuing their use and eliminating such lead hazards will help prevent children from lead poisoning;

WHEREAS, Childhood lead poisoning can also be prevented by encouraging renovators and contractors to follow lead-safe work practices that prevent the spread of lead dust and paint chips when working on pre-1978 homes, child-care facilities, and schools;

WHEREAS, It is the responsibility of all parents and the community to take the necessary precautions and provide a safe environment to help ensure a bright and healthy future for our children; and

WHEREAS, The City of Garden Grove commends the Orange County Health Care Agency's Childhood Lead Poisoning Prevention Program efforts to increase community awareness about lead hazards and lead poisoning prevention methods to promote healthy families in Orange County.

NOW, THEREFORE, the Garden Grove City Council does hereby declare the week of October 25 through October 31, 2020, as "Childhood Lead Poisoning Prevention Week" and encourages all parents and caregivers of children under the age of six years to ask their child's medical provider about their risk for lead poisoning and if a blood lead test is needed; and encourages housing renovators and contractors to follow lead-safe work practices.

October 13, 2020

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Patricia Song
Dept.:	City Manager	Dept.:	Finance
Subject:	Adoption of a Resolution approving the Revised 2020 City of Garden Grove Investment Policy. (<i>Action Item</i>)	Date:	10/13/2020

OBJECTIVE

For the City Council to adopt the revised City of Garden Grove Annual Investment Policy for 2020 to receive the California Municipal Treasurers Association (CMTA) Investment Policy Certification.

BACKGROUND

The City adopted its 2020 Annual Investment Policy on June 23, 2020 through Resolution No. 9640-20. The 2020 Policy incorporated several major changes to align with best practices. To ensure our Policy meets the highest industry standard, staff sought provisional guidance from CMTA.

CMTA provides assistance in developing and/or improving existing investment policies to California's public sector agencies and districts through its Investment Policy Certification Program.

The benefits of having the Investment Policy Certified by the CMTA include the following:

- Trust, confidence and verification to our City Council and our community that our Policy has been reviewed and certified by a professional organization within California;
- Improved transparency;
- Ensure due diligence was performed on the Policy; and
- Satisfy auditing requirements.

DISCUSSION

Reception of the CMTA Investment Policy Certification is a benchmarking effort the Department is making on important financial policies. In order to meet CMTA

Certification requirements, minor changes are necessary, including:

- Section 5 – Delegation of Authority
Added that the delegation of authority is to be reviewed annually by the City Council, as well as the requirements for broker/dealers who desire to do business with the City.
- Section 8 – Investment Pools/Mutual Funds
Added a subsection on due diligence requirements for investing in pools/mutual funds.
- Section 10 – Safekeeping
Added the requirement for an annual audit.
- Section 18 – Investment Policy
Clarified that the Policy is to be adopted by resolution and any changes made thereafter must be approved by the City Council.

A redline version of Policy is attached to this staff report tracking all changes made.

FINANCIAL IMPACT

There is no fiscal impact to adopt the City of Garden Grove Investment Policy - 2020 Revised.

The fee to apply for CMTA Investment Policy Certification is \$175. This amount will be paid from the Finance Department's existing operating budget.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the attached resolution approving the City of Garden Grove Investment Policy - 2020 Revised.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution - Investment Policy 2020 Revised	9/17/2020	Resolution	Resolution-RevisedPolicy.pdf
Investment Policy 2020 - Revised - REDLINE	9/17/2020	Exhibit	2020InvestmentPolicy-REDLINE.pdf
Investment Policy 2020 - Revised - CLEAN	9/17/2020	Exhibit	2020InvestmentPolicy-CLEAN.pdf

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
GARDEN GROVE, CALIFORNIA ADOPTING THE CITY OF
GARDEN GROVE INVESTMENT POLICY – 2020 REVISED

WHEREAS, on June 23, 2020, Council of the City of Garden Grove approved a document entitled "City of Garden Grove Investment Policy - 2020" by Resolution No. 9640-20. The document outlines the policy enacted to provide guidelines for the prudent investment of inactive cash for all funds in the investment portfolio as well as guidelines for maximizing the efficiency of the cash management system for the City, the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Gove Public Financing Authority; and

WHEREAS, the California Municipal Treasurers Association (CMTA) provides assistance in developing and/or improving existing investment policies to California's public sector agencies through its Investment Policy Certification Program;

WHEREAS, the City of Garden Grove wishes to have its investment policy certified by the CMTA as part of its financial policy benchmarking efforts;

WHEREAS, the CMTA certification program requires certain language be included in the policy to improve transparency, ensure due diligence and satisfy auditing requirement;

WHEREAS, the "Garden Grove Investment Policy – 2020 Revised" includes the required language by making revisions to four sections: Delegation of Authority, Investment Pools/Mutual Funds, Safekeeping, and Investment Policy, to comply with CMTA Certification requirements;

WHEREAS, the Finance Director has recommended to the City Council that the "City of Garden Grove Investment Policy – 2020 Revised" be approved and established as the policy of the City, the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Gove Public Financing Authority and such other entities as may be established for cash management; and

WHEREAS, the City Council has determined that the "Garden Grove Investment Policy – 2020 Revised" be approved and established as recommended by the Finance Director.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Garden Grove does hereby approve the "City of Garden Grove Investment Policy – 2020 Revised" attached hereto and incorporated herein by this reference.

City of Garden Grove

INVESTMENT POLICY

2020 - REVISED

Format

CITY COUNCIL

STEVEN R. JONES, MAYOR

GEORGE S. BRIETIGAM III, COUNCIL MEMBER, DISTRICT 1

JOHN R. O'NEILL, COUNCIL MEMBER, DISTRICT 2

THU-HA NGUYEN, COUNCIL MEMBER, DISTRICT 3

PATRICK PHAT BUI, COUNCIL MEMBER, DISTRICT 4

STEPHANIE KLOPFENSTEIN, MAYOR PRO TEM, DISTRICT 5

KIM B. NGUYEN, COUNCIL MEMBER, DISTRICT 6

**CITY MANAGER
SCOTT C. STILES**

**City of Garden Grove
11222 Acacia Parkway, Garden Grove, CA 92840**

CITY OF GARDEN GROVE INVESTMENT POLICY

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CITY OF GARDEN GROVE

INVESTMENT POLICY

MISSION STATEMENT

It is the policy of the City of Garden Grove to invest public funds in a manner that will provide in priority order, maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the City and conforming to California Government Code Section 53600, et seq., and related statutes and regulations governing the investment of public funds.

1. PURPOSE

This statement is intended to provide guidelines for prudent investment of the City of Garden Grove's temporary inactive cash and outline the policies for maximizing the efficiency of the City's cash management system.

The City's ultimate investment goal is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the short and long-term cash flow demands, and conforming to all state statutes governing the investment of public funds.

2. SCOPE

The Policy shall direct the investment of the City's temporarily inactive cash for all funds in the investment portfolio. These funds are accounted for in the City of Garden Grove Comprehensive Annual Financial Report under the following fund types:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

The Policy shall also direct all investments related to the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Grove Public Financing Authority. The Policy will not direct the investment of funds held for employees in deferred compensation plans. Additionally, the Policy will not direct the investment of bond proceeds, which are specifically governed by the individual bond documents and trust indentures.

3. PRUDENCE

The standard of prudence to be used by the investment official shall be the "prudent investor standard" as set forth in California Government Code Section 53600.3 and shall be applied in the context of managing the overall portfolio.

The City's Finance Director will be responsible for maintaining and updating investment policies and procedures. The intent of the procedures will be to ensure that the investment objectives and safeguards stated in this Policy are effectively communicated to all officials involved in the investment of public funds and that they properly reflect the intent of the "Prudent Investor" rule. The procedures will be maintained on file with the City Treasurer and the Finance Director.

4. OBJECTIVES

The City's funds shall be invested in accordance with all applicable City policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives.

Section 53600.5 of the California Government Code defines the investment objectives of the investment of public funds and that the primary objective of a trustee is the safety of the principal of funds under its control. The secondary objective is to meet the liquidity needs of the depositor. The third objective is to achieve a return on the funds under its control.

A. Safety

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Safety of principal is the foremost objective of the investment program. City investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall select only those investments that are considered very safe. The City shall not engage in speculation. The City shall diversify its investments by investing funds among a variety of securities and financial institutions offering independent returns.

B. Liquidity

Liquidity is the ability to change an investment into its cash equivalent on short notice at its prevailing market value. The funds in the City's portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio will maintain a liquidity buffer and invest primarily in securities with active secondary and resale markets.

C. Yield

Yield is the potential dollar earnings that an investment can provide; it is also referred to as the rate of return. The City's portfolio shall be designed to attain a return on investments through economic cycles, taking into account

investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives.

5. DELEGATION OF AUTHORITY

In accordance with the State of California Government Code section 53607, the City Council has delegated, by resolution No. 9525-18, the authority to invest with the City Finance Director. Such delegation is to be reviewed annually and may be renewed by the city council. -

Within the constraints set forth in the Policy, the Finance Director has the authority to direct investment strategy and approve investment transactions for the City's investment portfolio. The Finance Director is responsible for the following:

- Approving daily investment transactions.
- Developing projections of the City's cash requirements for operating needs.
- Reviewing the liquidity position of the investment portfolio.
- Ensuring that the City's cash position is consistent with operating requirements.
- Preparing appropriate investment reports.
- Developing, implementing and monitoring controls over investments.
- Record keeping for investment transactions.

The City may engage the services of external investment management advisors to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such advisors may be granted discretion to purchase and sell investment securities in accordance with the Policy. Such advisors must be registered with the Security and Exchange Commission, and possess experience in public funds investment management. All broker/dealers selected by an external advisor must comply with the requirements of California Government Code Section 53601.5. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment management advisor with the following: audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) registration, proof of State of California registration, and certification of having read the City's investment policy.

6. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall comply with the disclosure and disqualification requirements required by state law and any applicable regulations, including those adopted by the Fair Political Practices Commission, or FPPC. In addition, the FPPC's Statement of Economic Interests (Form 700) shall be completed annually and submitted to the City Clerk for all individuals involved in the investment of public funds.

7. ALLOWABLE INVESTMENTS

Allowable investments for the City are listed in the matrix provided herein as Attachment 1. The list is intended to ensure that the investment portfolio is properly diversified so that no single category of investment is over weighted or poses a disproportionate credit risk to the City. It should be noted that any newly developed derivative of an allowable investment that is not specifically mentioned in the Policy must be recommended by the Finance Director for inclusion in the Policy. Any amendments to the list of allowable investments must be submitted to the City Council for review and approval.

Any prior investment currently held by the City that does not meet the guidelines of this policy shall be exempt from the requirements of the Policy. At maturity or liquidation, such funds shall be reinvested as provided by the Policy.

Should an investment's percentage exceed the Policy limitation due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Finance Director shall direct the investment advisor to consider reconstructing the portfolio within the Policy established percentage limits.

A thorough investigation of the investment pool/fund is required prior to investing public funds in any local agency investment pool or mutual fund. The investment of any public funds must comply with the rules set forth in the California Government Code Section 53601.

Investment of bond proceeds held by fiscal agents will be made in accordance with California Government Code Section 53601 (m), which states that money from bond proceeds should be invested as specified by bond documents. In most cases, these investments will be made under the same guidelines as other City investments.

8. INVESTMENT POOLS / MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The investigation will, at a minimum, obtain the following:

- a) A description of eligible investment securities, and a written statement of investment policy and objectives.
- b) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- c) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- d) A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- e) A schedule for receiving statements and portfolio listings.

- f) A description of how the pool/fund maintain reserves, retained earnings, etc. or is all income after expenses distributed to participants.
- g) A fee schedule, and when and how is it assessed.
- h) The eligibility of the pool/fund to invest in bond proceeds and a description of its practices.

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89. DELIVERY

All security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis to ensure that securities are deposited in an eligible financial institution prior to the release of the funds. Securities will be held by a third-party custodian designated by the Finance Director and evidenced by safekeeping receipts and monthly reports.

910. S AFEKEEPING AND CUSTODY

To protect against fraud, embezzlement, or losses caused by insolvency of individual securities dealers, all securities owned by the City shall be held in safekeeping by the City's custodial bank, a third party bank trust account, acting as agent for the City under the terms of a custody agreement. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Except for federally insured Certificates of Deposit, money market funds or the Local Agency Investment Fund (LAIF), all investments evidenced by physical or book-entry securities shall be secured through third-party custody and the following safekeeping procedures:

- All transactions described above shall be executed on a delivery versus payment basis.
- The custodian shall hold assets until the investments mature or the custodial bank receives a request from the City to sell or transfer the securities.
- Bearer instruments shall be held only through third party institutions.

1011. COLLATERALIZATION

- Certificates of Deposit - The City shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a non-negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to Government Code Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.
- Repurchase Agreements - The City requires that repurchase agreements be collateralized only by securities authorized in this Policy:
 - a. The securities which collateralize the repurchase agreement shall be priced at market value, including any accrued interest plus a margin. The market value

- of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- b. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
 - c. The City shall receive monthly statements of collateral.

121. MATURITY

The City shall not make any investments in instruments with a stated remaining maturity that exceeds five years at the time of purchase.

The maturity of investment instruments in the portfolio shall be consistent with projected cash requirements.

It is the City's intent, at the time of purchase, to hold the majority of investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. As a result, the City may choose to sell a security short of final maturity to realize a capital gain if it is to the City's economic advantage to do so. It is further recognized, that in a well-diversified portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

132. LIQUIDITY

In maintaining sufficient liquidity in the City's portfolio, maturities shall be selected to mature prior to or match the timing of the City's projected cash flow needs. It is intended that a liquidity base equal to forecasted cash flow needs for six months should be maintained. Additionally, the marketability of a security shall be important criteria in selecting an investment.

1314.DIVERSIFICATION

The City shall diversify its investments by security type, institution, and maturity date to mitigate credit risk in the portfolio.

Credit Risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City shall mitigate credit risk by adopting the following strategies:

- The diversification requirements included in this section are designed to mitigate credit risk in the portfolio.

- No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US government, its agencies and instrumentalities.
- The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the City's risk preferences.
- If securities owned by the City are downgraded by a Nationally Recognized Statistical Rating Organization (NRSRO) to a level below the quality required by the Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Moody's, Standard and Poor's, and Fitch are currently used as the NRSRO.
 - a. If a security is downgraded below the level required by the Policy, the Finance Director will use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.
 - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the City Council.

1415. REPORTING

The Finance Director shall file a monthly investment report with the City Council which provides a clear picture of the status of current investments. The investment report may include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentages of investments by category, possible changes in the portfolio structure and significant changes to investment strategies. The monthly investment report filed with the City Council will contain the following:

- Percentages of the portfolio represented by each investment category.
- An investment inventory including types and amounts of investments, issuing financial institutions and maturities.
- A list of all investment transactions that occurred during the reporting month.
- Investments or programs under the management of contracted parties.
- Average maturity of the portfolio.
- Average total yield to maturity of the portfolio relative to the prescribed benchmarks.
- Current market value of investments with maturities of more than 12 months.
- A statement denoting that the investment portfolio has sufficient liquidity to meet the City's anticipated expenditure requirements for the upcoming six months.
- Percent of portfolio invested by type of instrument.
- Written explanations for any variations to the Policy.

1516. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City's yield benchmark shall be the 24-month trailing average yield of the 2-year Constant Maturity Treasury (CMT).

176. INTERNAL CONTROLS

Internal controls shall be established and maintained to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the City.

Controls deemed most important include: segregation of duties, separation of transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, specific limitations regarding securities losses and remedial action, control over wire transfers, minimizing the number of authorized investment officials and documentation of transactions and strategies.

The Finance Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with the policies and procedures set forth in this document.

18. INVESTMENT POLICY ADOPTION

The City of Garden Grove's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

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GLOSSARY

ACCRUED INTEREST – Interest earned but not yet received.

AGENCIES – Agencies of the Federal government set up to supply credit to various classes of institutions (e.g., S&L's, small business firms, students, farmers, housing agencies, etc.). Examples include Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB) and Federal Farm Credit Bank (FFCB).

BANKERS' ACCEPTANCE (BA) – A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the issuer.

BROKER/DEALER – An individual or firm acting as principal in a securities transaction.

CALLABLES – Securities that the issuer has the right to redeem prior to maturity.

CERTIFICATE OF DEPOSIT (CD) – A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL – Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER – Short term unsecured promissory note issued by a corporation (including limited liability companies) to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Commercial paper is issued by corporations such as General Motors Acceptance Corporation, IBM, Bank of America, etc.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) – The official annual report of the City. It includes five combined statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON – a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) a certificate attached to a bond evidencing interest due on a payment date.

DELIVERY VS PAYMENT – Delivery of securities with a simultaneous exchange of money.

DEMAND ACCOUNT – An account with a commercial bank from which check withdrawals may be made at any time.

DISCOUNT – The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DIVERSIFICATION – Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – A Federal agency that insures bank deposits in the United States against bank failure. The standard deposit insurance coverage limit is \$250,000 per depositor, per FDIC-insured bank, per ownership category.

FEDERAL HOME LOAN BANKS (FHLB) – The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

LIQUIDITY – A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

LOCAL AGENCY INVESTMENT FUND (LAIF) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE – The price at which a security is trading, usually the liquidation value.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

PAPER GAIN OR LOSS – Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between cost value (book value) and the market value.

PORTFOLIO – Collection of securities held by an investor.

PRUDENT PERSON RULE – An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called “legal list.” In other states, the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN – The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond, the current income return.

REPURCHASE AGREEMENT (REPO) – A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate them for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO) – A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specific date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING – The service provided by banks and trust companies for clients when the bank or trust company stores the securities, takes in coupon payments, and redeems issues at maturity.

SPREAD – a) The yield or price difference between the bid and offer on an issue; b) the yield or price difference between different issues.

TREASURY BILLS – A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS – U.S. Treasury securities that have initial maturities of more than ten years.

TREASURY NOTES – Intermediate-term coupon bearing U.S. Treasury securities having initial maturities of from one year to ten years.

TRUSTEE – A financial institution with trust powers that acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

YIELD – The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD CURVE – Yield calculations of various maturities at a given time to observe spread difference.

YIELD TO MATURITY – The current coupon yield minus any premium above par, or plus any discount from par in the purchase price with the adjustment spread over the period from date of purchase to maturity.

Attachment 1 – Allowable Investments

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Bankers Acceptances	Not to exceed 25% in any one institution; Not to exceed 20% of portfolio	Not to exceed 180 days	Eligible for purchase by the Federal Reserve System	Not to exceed 30% in any one institution; May not exceed 40% of portfolio	Not to exceed 180 days	Eligible for purchase by the Federal Reserve System
Bonds issued by the City, including Bonds payable solely out of revenue from a revenue producing property owned, controlled or operated by the City	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Bonds, Notes or other evidence of indebtedness of any local agency within California, or state warrants, or Treasury Notes or Bonds of California	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Bonds, Notes or other evidence of indebtedness in any of the other 49 states, in addition to California	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Commercial Paper	Not to exceed 25% of Portfolio; May not represent more than 10% of issuer’s outstanding paper	Not to exceed 270 days	“A1/P1” rating for issuer’s Commercial Paper; “A2/A” or higher rating on long-term debt; US domiciled corporations with assets greater than \$500 million	Not to exceed 25% of Portfolio; May not represent more than 10% of issuer’s outstanding paper	Not to exceed 270 days	Prime quality with the highest letter/number rating and “A” or higher rating on the issuer’s long-term debt; US domiciled corporations with assets greater than \$500 million

ALLOWABLE INVESTMENTS*						
Instrument	CITY POLICY LIMITS			STATE CODE LIMITS		
	Diversification	Term	Quality	Diversification	Term	Quality
Discount Notes or Notes issued by agencies of the Federal Government	May not exceed 75% of Portfolio	Not to exceed 5 years		No limit	Not to exceed 5 years	
Diversified Management Companies, as defined by Section 53601(l) of the Government Code	Not to exceed 10% of Portfolio	N/A	Highest ranking by not less than 2 of the 3 largest rating services; Have an SEC registered investment advisor with more than 5 years of experience and assets under management greater than \$500 million	Not to exceed 20% of Portfolio; Not more than 10% of Portfolio in one fund	N/A	Highest ranking by not less than 2 of the 3 largest rating services; Have an SEC registered investment advisor with more than 5 years of experience and assets under management greater than \$500 million
Financial Futures and Financial Option Contracts	Not authorized			Pursuant to Section 53601	Not to exceed 5 years	Pursuant to Section 53601
Medium-Term Notes issued by Corporations	Not to exceed 30% of Portfolio	Not to exceed 5 years	"A" or better ranking by nationally recognized rating service US domiciled corporations or US licensed depository	Not to exceed 30% of Portfolio	Not to exceed 5 years	"A" or better ranking by a nationally recognized rating service US domiciled corporations or US licensed depository
Mortgage-backed Pass-Through Securities Collateralized Mortgage Obligations and Asset –Backed Securities	Not to exceed 20% of investing agency's surplus	Not to exceed 5 years	"A" or higher for issuer debt; must be rated "AA" or higher, by nationally recognized rating service	Not to exceed 20% of investing agency's surplus	Not to exceed 5 years	"A" or higher for issuer debt; must be rated "AA" or higher, by nationally recognized rating service

ALLOWABLE INVESTMENTS*						
Instrument	CITY POLICY LIMITS			STATE CODE LIMITS		
	Diversification	Term	Quality	Diversification	Term	Quality
Negotiable Certificates of Deposit issued by a Nationally or State Chartered Bank, a Federal Association, or a State Licensed Branch of a Foreign Owned Bank (Insured by Federal Government)	Not to exceed 20% of Portfolio May not exceed shareholder's equity of issuing bank or net worth of issuing S & L or Federal Association	Not to exceed 3 years	Bank or Savings & Loans with "A1/P1" or better short term debt rating and "A2/A" or better long-term debt rating	Not to exceed 30% of Portfolio May not exceed shareholder's equity of issuing bank or net worth of issuing S & L or Federal Association	Not to exceed 5 years	Not specified
Repurchase Agreements	Not to exceed 10% of Portfolio	Not to exceed 14 days	Collateral of 102% or greater with securities permitted in the Policy	None	Not to exceed 1 year	Authorized Collateral of 102% or greater
Reverse Repurchase Agreements	Not authorized			None	Not to exceed 1 year	Extensive conditions listed in Section 53601 (i)
Supranationals	Not to exceed 20% of Portfolio	Not to exceed 5 years	"AA" or better ranking by a nationally recognized rating service Washington, D.C. based issuers: IADB, IBRD, and IFC	Not to exceed 30% of Portfolio	Not to exceed 5 years	"AA" or better ranking by a nationally recognized rating service Washington, D.C. based issuers: IADB, IBRD, and IFC
State of California Local Agency Investment Fund (LAIF) or other Local Government Investment Pools established by public entities	Limit set by LAIF	N/A	Instruments consistent with State Code	No requirement	N/A	
United States Treasury Notes, Bonds, Bills, or other certificates of indebtedness backed by the US Government	No limit	Not to exceed 5 years		No limit	Not to exceed 5 years	

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Zero Coupon Bonds	Not authorized			Not specified		

* No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US government, its agencies and instrumentalities.

City of Garden Grove

INVESTMENT POLICY

2020 - REVISED

CITY COUNCIL

STEVEN R. JONES, MAYOR

GEORGE S. BRIETIGAM III, COUNCIL MEMBER, DISTRICT 1

JOHN R. O'NEILL, COUNCIL MEMBER, DISTRICT 2

THU-HA NGUYEN, COUNCIL MEMBER, DISTRICT 3

PATRICK PHAT BUI, COUNCIL MEMBER, DISTRICT 4

STEPHANIE KLOPFENSTEIN, MAYOR PRO TEM, DISTRICT 5

KIM B. NGUYEN, COUNCIL MEMBER, DISTRICT 6

**CITY MANAGER
SCOTT C. STILES**

**City of Garden Grove
11222 Acacia Parkway, Garden Grove, CA 92840**

CITY OF GARDEN GROVE INVESTMENT POLICY

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CITY OF GARDEN GROVE

INVESTMENT POLICY

MISSION STATEMENT

It is the policy of the City of Garden Grove to invest public funds in a manner that will provide in priority order, maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the City and conforming to California Government Code Section 53600, et seq., and related statutes and regulations governing the investment of public funds.

1. PURPOSE

This statement is intended to provide guidelines for prudent investment of the City of Garden Grove's temporary inactive cash and outline the policies for maximizing the efficiency of the City's cash management system.

The City's ultimate investment goal is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the short and long-term cash flow demands, and conforming to all state statutes governing the investment of public funds.

2. SCOPE

The Policy shall direct the investment of the City's temporarily inactive cash for all funds in the investment portfolio. These funds are accounted for in the City of Garden Grove Comprehensive Annual Financial Report under the following fund types:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

The Policy shall also direct all investments related to the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Grove Public Financing Authority. The Policy will not direct the investment of funds held for employees in deferred compensation plans. Additionally, the Policy will not direct the investment of bond proceeds, which are specifically governed by the individual bond documents and trust indentures.

3. PRUDENCE

The standard of prudence to be used by the investment official shall be the "prudent investor standard" as set forth in California Government Code Section 53600.3 and shall be applied in the context of managing the overall portfolio.

The City's Finance Director will be responsible for maintaining and updating investment policies and procedures. The intent of the procedures will be to ensure that the investment objectives and safeguards stated in this Policy are effectively communicated to all officials involved in the investment of public funds and that they properly reflect the intent of the "Prudent Investor" rule. The procedures will be maintained on file with the City Treasurer and the Finance Director.

4. OBJECTIVES

The City's funds shall be invested in accordance with all applicable City policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives.

Section 53600.5 of the California Government Code defines the investment objectives of the investment of public funds and that the primary objective of a trustee is the safety of the principal of funds under its control. The secondary objective is to meet the liquidity needs of the depositor. The third objective is to achieve a return on the funds under its control.

A. Safety

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Safety of principal is the foremost objective of the investment program. City investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall select only those investments that are considered very safe. The City shall not engage in speculation. The City shall diversify its investments by investing funds among a variety of securities and financial institutions offering independent returns.

B. Liquidity

Liquidity is the ability to change an investment into its cash equivalent on short notice at its prevailing market value. The funds in the City's portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio will maintain a liquidity buffer and invest primarily in securities with active secondary and resale markets.

C. Yield

Yield is the potential dollar earnings that an investment can provide; it is also referred to as the rate of return. The City's portfolio shall be designed to attain a return on investments through economic cycles, taking into account

investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives.

5. DELEGATION OF AUTHORITY

In accordance with the State of California Government Code section 53607, the City Council has delegated, by resolution No. 9525-18, the authority to invest with the City Finance Director. Such delegation is to be reviewed annually and may be renewed by the city council.

Within the constraints set forth in the Policy, the Finance Director has the authority to direct investment strategy and approve investment transactions for the City's investment portfolio. The Finance Director is responsible for the following:

- Approving daily investment transactions.
- Developing projections of the City's cash requirements for operating needs.
- Reviewing the liquidity position of the investment portfolio.
- Ensuring that the City's cash position is consistent with operating requirements.
- Preparing appropriate investment reports.
- Developing, implementing and monitoring controls over investments.
- Record keeping for investment transactions.

The City may engage the services of external investment management advisors to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such advisors may be granted discretion to purchase and sell investment securities in accordance with the Policy. Such advisors must be registered with the Security and Exchange Commission, and possess experience in public funds investment management. All broker/dealers selected by an external advisor must comply with the requirements of California Government Code Section 53601.5. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment management advisor with the following: audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) registration, proof of State of California registration, and certification of having read the City's investment policy.

6. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall comply with the disclosure and disqualification requirements required by state law and any applicable regulations, including those adopted by the Fair Political Practices Commission, or FPPC. In addition, the FPPC's Statement of Economic Interests (Form 700) shall be completed annually and submitted to the City Clerk for all individuals involved in the investment of public funds.

7. ALLOWABLE INVESTMENTS

Allowable investments for the City are listed in the matrix provided herein as Attachment 1. The list is intended to ensure that the investment portfolio is properly diversified so that no single category of investment is over weighted or poses a disproportionate credit risk to the City. It should be noted that any newly developed derivative of an allowable investment that is not specifically mentioned in the Policy must be recommended by the Finance Director for inclusion in the Policy. Any amendments to the list of allowable investments must be submitted to the City Council for review and approval.

Any prior investment currently held by the City that does not meet the guidelines of this policy shall be exempt from the requirements of the Policy. At maturity or liquidation, such funds shall be reinvested as provided by the Policy.

Should an investment's percentage exceed the Policy limitation due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Finance Director shall direct the investment advisor to consider reconstructing the portfolio within the Policy established percentage limits.

A thorough investigation of the investment pool/fund is required prior to investing public funds in any local agency investment pool or mutual fund. The investment of any public funds must comply with the rules set forth in the California Government Code Section 53601.

Investment of bond proceeds held by fiscal agents will be made in accordance with California Government Code Section 53601 (m), which states that money from bond proceeds should be invested as specified by bond documents. In most cases, these investments will be made under the same guidelines as other City investments.

8. INVESTMENT POOLS / MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The investigation will, at a minimum, obtain the following:

- a) A description of eligible investment securities, and a written statement of investment policy and objectives.
- b) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- c) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- d) A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- e) A schedule for receiving statements and portfolio listings.

- f) A description of how the pool/fund maintain reserves, retained earnings, etc. or is all income after expenses distributed to participants.
- g) A fee schedule, and when and how is it assessed.
- h) The eligibility of the pool/fund to invest in bond proceeds and a description of its practices.

9. DELIVERY

All security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis to ensure that securities are deposited in an eligible financial institution prior to the release of the funds. Securities will be held by a third-party custodian designated by the Finance Director and evidenced by safekeeping receipts and monthly reports.

10. SAFEKEEPING AND CUSTODY

To protect against fraud, embezzlement, or losses caused by insolvency of individual securities dealers, all securities owned by the City shall be held in safekeeping by the City's custodial bank, a third party bank trust account, acting as agent for the City under the terms of a custody agreement. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Except for federally insured Certificates of Deposit, money market funds or the Local Agency Investment Fund (LAIF), all investments evidenced by physical or book-entry securities shall be secured through third-party custody and the following safekeeping procedures:

- All transactions described above shall be executed on a delivery versus payment basis.
- The custodian shall hold assets until the investments mature or the custodial bank receives a request from the City to sell or transfer the securities.
- Bearer instruments shall be held only through third party institutions.

11. COLLATERALIZATION

- Certificates of Deposit - The City shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a non-negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to Government Code Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.
- Repurchase Agreements - The City requires that repurchase agreements be collateralized only by securities authorized in this Policy:
 - a. The securities which collateralize the repurchase agreement shall be priced at market value, including any accrued interest plus a margin. The market value

- of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- b. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
 - c. The City shall receive monthly statements of collateral.

12. MATURITY

The City shall not make any investments in instruments with a stated remaining maturity that exceeds five years at the time of purchase.

The maturity of investment instruments in the portfolio shall be consistent with projected cash requirements.

It is the City's intent, at the time of purchase, to hold the majority of investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. As a result, the City may choose to sell a security short of final maturity to realize a capital gain if it is to the City's economic advantage to do so. It is further recognized, that in a well-diversified portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

13. LIQUIDITY

In maintaining sufficient liquidity in the City's portfolio, maturities shall be selected to mature prior to or match the timing of the City's projected cash flow needs. It is intended that a liquidity base equal to forecasted cash flow needs for six months should be maintained. Additionally, the marketability of a security shall be important criteria in selecting an investment.

14. DIVERSIFICATION

The City shall diversify its investments by security type, institution, and maturity date to mitigate credit risk in the portfolio.

Credit Risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City shall mitigate credit risk by adopting the following strategies:

- The diversification requirements included in this section are designed to mitigate credit risk in the portfolio.

- No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US government, its agencies and instrumentalities.
- The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the City's risk preferences.
- If securities owned by the City are downgraded by a Nationally Recognized Statistical Rating Organization (NRSRO) to a level below the quality required by the Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Moody's, Standard and Poor's, and Fitch are currently used as the NRSRO.
 - a. If a security is downgraded below the level required by the Policy, the Finance Director will use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.
 - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the City Council.

15. REPORTING

The Finance Director shall file a monthly investment report with the City Council which provides a clear picture of the status of current investments. The investment report may include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentages of investments by category, possible changes in the portfolio structure and significant changes to investment strategies. The monthly investment report filed with the City Council will contain the following:

- Percentages of the portfolio represented by each investment category.
- An investment inventory including types and amounts of investments, issuing financial institutions and maturities.
- A list of all investment transactions that occurred during the reporting month.
- Investments or programs under the management of contracted parties.
- Average maturity of the portfolio.
- Average total yield to maturity of the portfolio relative to the prescribed benchmarks.
- Current market value of investments with maturities of more than 12 months.
- A statement denoting that the investment portfolio has sufficient liquidity to meet the City's anticipated expenditure requirements for the upcoming six months.
- Percent of portfolio invested by type of instrument.
- Written explanations for any variations to the Policy.

16. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City's yield benchmark shall be the 24-month trailing average yield of the 2-year Constant Maturity Treasury (CMT).

17. INTERNAL CONTROLS

Internal controls shall be established and maintained to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the City.

Controls deemed most important include: segregation of duties, separation of transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, specific limitations regarding securities losses and remedial action, control over wire transfers, minimizing the number of authorized investment officials and documentation of transactions and strategies.

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DISCOUNT – The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DIVERSIFICATION – Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – A Federal agency that insures bank deposits in the United States against bank failure. The standard deposit insurance coverage limit is \$250,000 per depositor, per FDIC-insured bank, per ownership category.

FEDERAL HOME LOAN BANKS (FHLB) – The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

LIQUIDITY – A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

LOCAL AGENCY INVESTMENT FUND (LAIF) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE – The price at which a security is trading, usually the liquidation value.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

PAPER GAIN OR LOSS – Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between cost value (book value) and the market value.

PORTFOLIO – Collection of securities held by an investor.

PRUDENT PERSON RULE – An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called “legal list.” In other states, the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN – The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond, the current income return.

REPURCHASE AGREEMENT (REPO) – A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate them for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO) – A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specific date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING – The service provided by banks and trust companies for clients when the bank or trust company stores the securities, takes in coupon payments, and redeems issues at maturity.

SPREAD – a) The yield or price difference between the bid and offer on an issue; b) the yield or price difference between different issues.

TREASURY BILLS – A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS – U.S. Treasury securities that have initial maturities of more than ten years.

TREASURY NOTES – Intermediate-term coupon bearing U.S. Treasury securities having initial maturities of from one year to ten years.

TRUSTEE – A financial institution with trust powers that acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

YIELD – The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD CURVE – Yield calculations of various maturities at a given time to observe spread difference.

YIELD TO MATURITY – The current coupon yield minus any premium above par, or plus any discount from par in the purchase price with the adjustment spread over the period from date of purchase to maturity.

Attachment 1 – Allowable Investments

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Bankers Acceptances	Not to exceed 25% in any one institution; Not to exceed 20% of portfolio	Not to exceed 180 days	Eligible for purchase by the Federal Reserve System	Not to exceed 30% in any one institution; May not exceed 40% of portfolio	Not to exceed 180 days	Eligible for purchase by the Federal Reserve System
Bonds issued by the City, including Bonds payable solely out of revenue from a revenue producing property owned, controlled or operated by the City	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Bonds, Notes or other evidence of indebtedness of any local agency within California, or state warrants, or Treasury Notes or Bonds of California	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Bonds, Notes or other evidence of indebtedness in any of the other 49 states, in addition to California	Not to exceed 25% of the portfolio for combined municipal debt	Not to exceed 5 years	“A” or better ranking by nationally recognized rating services	No limit	Not to exceed 5 years	
Commercial Paper	Not to exceed 25% of Portfolio; May not represent more than 10% of issuer’s outstanding paper	Not to exceed 270 days	“A1/P1” rating for issuer’s Commercial Paper; “A2/A” or higher rating on long-term debt; US domiciled corporations with assets greater than \$500 million	Not to exceed 25% of Portfolio; May not represent more than 10% of issuer’s outstanding paper	Not to exceed 270 days	Prime quality with the highest letter/number rating and “A” or higher rating on the issuer’s long-term debt; US domiciled corporations with assets greater than \$500 million

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Discount Notes or Notes issued by agencies of the Federal Government	May not exceed 75% of Portfolio	Not to exceed 5 years		No limit	Not to exceed 5 years	
Diversified Management Companies, as defined by Section 53601(l) of the Government Code	Not to exceed 10% of Portfolio	N/A	Highest ranking by not less than 2 of the 3 largest rating services; Have an SEC registered investment advisor with more than 5 years of experience and assets under management greater than \$500 million	Not to exceed 20% of Portfolio; Not more than 10% of Portfolio in one fund	N/A	Highest ranking by not less than 2 of the 3 largest rating services; Have an SEC registered investment advisor with more than 5 years of experience and assets under management greater than \$500 million
Financial Futures and Financial Option Contracts	Not authorized			Pursuant to Section 53601	Not to exceed 5 years	Pursuant to Section 53601
Medium-Term Notes issued by Corporations	Not to exceed 30% of Portfolio	Not to exceed 5 years	“A” or better ranking by nationally recognized rating service US domiciled corporations or US licensed depository	Not to exceed 30% of Portfolio	Not to exceed 5 years	“A” or better ranking by a nationally recognized rating service US domiciled corporations or US licensed depository
Mortgage-backed Pass-Through Securities Collateralized Mortgage Obligations and Asset –Backed Securities	Not to exceed 20% of investing agency’s surplus	Not to exceed 5 years	“A” or higher for issuer debt; must be rated “AA” or higher, by nationally recognized rating service	Not to exceed 20% of investing agency’s surplus	Not to exceed 5 years	“A” or higher for issuer debt; must be rated “AA” or higher, by nationally recognized rating service

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Negotiable Certificates of Deposit issued by a Nationally or State Chartered Bank, a Federal Association, or a State Licensed Branch of a Foreign Owned Bank (Insured by Federal Government)	Not to exceed 20% of Portfolio May not exceed shareholder's equity of issuing bank or net worth of issuing S & L or Federal Association	Not to exceed 3 years	Bank or Savings & Loans with "A1/P1" or better short term debt rating and "A2/A" or better long-term debt rating	Not to exceed 30% of Portfolio May not exceed shareholder's equity of issuing bank or net worth of issuing S & L or Federal Association	Not to exceed 5 years	Not specified
Repurchase Agreements	Not to exceed 10% of Portfolio	Not to exceed 14 days	Collateral of 102% or greater with securities permitted in the Policy	None	Not to exceed 1 year	Authorized Collateral of 102% or greater
Reverse Repurchase Agreements	Not authorized			None	Not to exceed 1 year	Extensive conditions listed in Section 53601 (i)
Supranationals	Not to exceed 20% of Portfolio	Not to exceed 5 years	"AA" or better ranking by a nationally recognized rating service Washington, D.C. based issuers: IADB, IBRD, and IFC	Not to exceed 30% of Portfolio	Not to exceed 5 years	"AA" or better ranking by a nationally recognized rating service Washington, D.C. based issuers: IADB, IBRD, and IFC
State of California Local Agency Investment Fund (LAIF) or other Local Government Investment Pools established by public entities	Limit set by LAIF	N/A	Instruments consistent with State Code	No requirement	N/A	
United States Treasury Notes, Bonds, Bills, or other certificates of indebtedness backed by the US Government	No limit	Not to exceed 5 years		No limit	Not to exceed 5 years	

ALLOWABLE INVESTMENTS*						
<i>Instrument</i>	CITY POLICY LIMITS			STATE CODE LIMITS		
	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>	<i>Diversification</i>	<i>Term</i>	<i>Quality</i>
Zero Coupon Bonds	Not authorized			Not specified		

* No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US government, its agencies and instrumentalities.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	John Montanez
Dept.:	City Manager	Dept.:	Community Services
Subject:	Appropriation of \$22,950 in grant funds related to Coronavirus relief funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). (<i>Action Item</i>)		
		Date:	10/13/2020

OBJECTIVE

To obtain approval from the City Council to appropriate grant funds related to coronavirus relief funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided through the County of Orange Social Services Agency, designated for the Magnolia Park Family Resource Center.

BACKGROUND

The COVID-19 pandemic resulted in the declaration of national, State, and local emergencies in February and March 2020. On March 27, 2020, Congress signed into law the CARES Act, which provided funding to people, businesses, and local agencies affected by the pandemic. The CARES Act established the Coronavirus Relief Fund providing \$26 million to the County of Orange. The Orange County Social Services Agency (OCSSA) has received CARES Act funds that are designated for FaCT funded family resource centers.

DISCUSSION

The City will receive \$22,950 from the OCSSA. Funds are to be used for COVID-19 related expenses incurred by the Magnolia Park Family Resource Center between July 1, 2020 and November 2, 2020. Funding is to specifically support clients affected by COVID-19 as well as support service delivery. Eligible expenses include the following:

- Protective supplies and equipment
- Reconfiguration for social distancing
- Emergency assistance for clients

- Resources and equipment to conduct HIPPA compliant video platform meetings

Staff will work with the OCSSA office to determine the eligible expenses. Unspent funds after November 2, 2020, will be returned.

FINANCIAL IMPACT

Funding is available for reimbursement of eligible expenses related to COVID-19 in the amount of \$22,950. These funds are not included in the City's existing Fiscal Year 2020-21 budget allocation, and will be appropriated in FY 2020-21. Any unspent funds after November 2, 2020 shall be returned to the OCSSA.

RECOMMENDATION

It is recommended that the City Council:

- Appropriate the Coronavirus Relief Funds allocated to the Magnolia Park Family Resource Center in the amount of \$22,950 in Fiscal Year 2020-21.

By: Janet Pelayo
Community Services Manager

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Teresa Pomeroy
Dept.: City Manager Dept.: City Clerk
Subject: Receive and file minutes Date: 10/13/2020
 from the meeting held on
 September 22, 2020.
 (*Action Item*)

Attached are the minutes recommended to be received and filed as submitted or amended.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Minutes	10/8/2020	Minutes	cc-min_09_22_2020.pdf

MINUTES

GARDEN GROVE CITY COUNCIL

Regular Meeting

Tuesday, September 22, 2020

Community Meeting Center
11300 Stanford Avenue, Garden Grove, CA 92840

CONVENE CLOSED SESSION

At 6:03 p.m., Mayor Jones convened Closed Session telephonically.

ROLL CALL PRESENT: (7) Council Members Brietigam, D. Nguyen, Bui,
Klopfenstein, K. Nguyen, Mayor Pro Tem
O'Neill, Mayor Jones

ABSENT: (0) None

ORAL COMMUNICATIONS FOR CLOSED SESSION

Speakers: None.

CONVENE CLOSED SESSION

At 6:04 p.m., Mayor Jones announced the City Council was going into Closed Session telephonically to discuss the following matters:

Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation per Government Code Section 54956.9(d)(2):
One potential case relating to the claim filed by Chanh Ngoc Phan on 5-19-2020.

ADJOURN CLOSED SESSION

At 6:10 p.m., Mayor Jones adjourned the Closed Session

CONVENE REGULAR MEETING

At 6:35 p.m., Mayor Jones convened the meeting telephonically with all Council Members present.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

Speakers: Craig Durfey, Allison Vo, Nicholas Dibs.

Written Communications: Teame Ozeqbe, Ashley Owen, Wei Huang, Alan Song, Victoria Williams, Giovanni Cordova Aviles, Estrella Vazquez, Mariela Vasquez, Ashley Dao, Maleeha Saeed, Ann A., Connie Tran, Joshua Galiley, Craig Durfey, Tony Flores, Candace Hsu, Sue Zhao.

At 6:48 p.m., Mayor Jones recessed the meeting.

At 6:55 p.m., Mayor Jones reconvened the meeting with all Council Members present.

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

A Proclamation declaring October 4, 2020 through October 10, 2020, as Fire Prevention Week, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K. Nguyen, O'Neill, Jones
Noes: (0) None

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

All bids received on August 31, 2020, for the Garden Grove Park Improvement City Project No. 2163101280, be rejected;

Staff be authorized to readvertise an invitation for bids for the revised Garden Grove Park Improvement Project.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

ADOPTION OF A RESOLUTION AMENDING THE CITY'S CONFLICT OF INTEREST
CODE PERTAINING TO DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES
(F: 30.7)

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

Resolution No. 9655-20 entitled: A Resolution of the City Council of the City of Garden Grove amending the conflict of interest code of the City of Garden Grove pertaining to designated positions and disclosure categories and rescinding Resolution No. 9530-18, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

ADOPTION OF A RESOLUTION APPROVING THE SUBMITTAL OF AN APPLICATION TO
THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR THE CONSTRUCTION
PHASE OF THE EUCLID/WESTMINSTER INTERSECTION IMPROVEMENT PROJECT
(F: 24.13) (XR: 36.11)

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

Resolution No. 9656-20 entitled: A Resolution of the City Council of the City of Garden Grove approving the submittal of the Euclid/Westminster Intersection Improvement Project, Construction Phase to the Orange County Transportation Authority Funding, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

APPROVAL OF A TRANSFER AGREEMENT WITH THE CITY OF SANTA ANA TO
RECEIVE SUBAWARD GRANT FUNDS FOR FISCAL YEAR 2019 URBAN AREAS
SECURITY INITIATIVE (UASI) GRANT PROGRAM (F: 55-City of Santa Ana)
(XR: 82.15) (XR: 92.4)

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

The Fiscal Year 2019 UASI Transfer Agreement with the City of Santa Ana for reimbursement to the City of Garden Grove for the transfer or purchase of

equipment and services, or for the cost of personnel who assist with the instruction and delivery of approved UASI courses in the Anaheim/Santa Ana Urban Area, be approved; and

The City Manager or the Chief of Police be authorized to sign the agreement on behalf of the City as the authorized representative for the Fiscal Year 2019 UASI grant.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

APPROVAL OF AN AGREEMENT WITH THE COUNTY OF ORANGE FOR THE 2019 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS (JAG) PROGRAM, AND APPROVAL TO ALLOCATE THE GRANT FUNDING FOR JAIL SERVICES
(F: 55-County of Orange) (XR: 82.15)

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

The Agreement with the County of Orange for the 2019 Edward Byrne Memorial Justice Assistance Grant (JAG) program, in the amount of \$40,180 less ten percent administrative fee for a total of \$36,162, be approved;

Grant funds be authorized to partially fund the City's jail services contract; and

The City Manager be authorized to sign the agreement on behalf of the City.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

MINUTES (F: Vault)

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

The minutes from the meeting held on September 8, 2020, be received and filed.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

WARRANTS

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

Payroll Warrants 184229 through 184241; Direct Deposits D369786 through D370392; Wires W2730 through W2733; be received and filed as presented in the warrant register submitted, and have been audited for accuracy and funds are available for payment thereof by the Finance Director; and

Demands covered by Wires 00000042 to 00000055, EFT numbers 00001927 to 00001937, and check numbers 00665053 through 00665216 inclusive as listed have been verified by the Finance Division as properly issued and bear all proper signatures; and

Demands covered by EFT numbers 00001938 to 00001943, and check numbers 00665217 through 00665365 inclusive as listed have been verified by the Finance Division as properly issued and bear all proper signatures; and

Demands covered by Wires 00000056 to 00000067, EFT numbers 00001944 to 00002899, and check numbers 00665366 through 00665746 inclusive as listed have been verified by the Finance Division as properly issued and bear all proper signatures; and

Demands covered by Wires 00000068 to 00000071, EFT numbers 00002900 to 00002910, and check numbers 00665747 through 00665853 inclusive as listed have been verified by the Finance Division as properly issued and bear all proper signatures; and

Demands covered by Wires 00000072 to 00000075, EFT numbers 00002911 to 00002918, and check numbers 00665854 through 00665992 inclusive as listed have been verified by the Finance Division as properly issued and bear all proper signatures.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

WAIVER

It was moved by Council Member Brietigam, seconded by Council Member Bui that:

Full reading of ordinances listed be waived.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

AWARD A CONTRACT TO G4S SECURE SOLUTIONS (USA) INC., FOR CIVILIAN JAIL CONTRACT SERVICES (F: 55-G4S Secure Solutions (USA) Inc.)

Following staff introduction and City Council comments it was moved by Council Member Klopfenstein, seconded by Council Member Brietigam that:

A contract be awarded to G4S Secure Solutions (USA) Inc., in the amount of \$1,815,556.69, for jail custody services, for the period November 1, 2020 through June 30, 2023, with an option to extend for an additional two (2) years; and

The City Manager be authorized to sign the contract on behalf of the City, and to make minor modifications as appropriate thereto.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

AWARD A CONTRACT TO WEST YOST ASSOCIATES FOR PROFESSIONAL ENGINEERING SERVICES TO PROVIDE PROGRAM MANAGEMENT FOR THE SCADA IMPLEMENTATION PROJECTS (F: 55-West Yost Associates)

Following staff introduction and City Council discussion, it was moved by Council Member Brietigam, seconded by Council Member D. Nguyen that:

A contract be awarded to West Yost Associates, in the amount of \$3,182,944, for professional engineering services to provide program management for the SCADA Implementation Projects; and

The City Manager be authorized to execute the contract on behalf of the City, and to make minor modifications as appropriate.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

SECOND READING OF ORDINANCE NO. 2917 (F: 122.2)

(As approved earlier in the meeting, it was moved by Council Member Brietigam, seconded by Council Member Bui and approved by a 7-0 vote, that full reading of ordinances listed be waived.)

Following the reading of the title, it was moved by Council Member Brietigam, seconded by Council Member D. Nguyen that:

Ordinance No. 2917 entitled: An Ordinance of the City Council of the City of Garden Grove amending Section 14.12.070 of the Garden Grove Municipal Code to designate the Administrative Board of Appeals as a hearing body for billing disputes, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

MATTERS FROM THE MAYOR, CITY COUNCIL MEMBERS, AND CITY MANAGER

Mayor Jones stated that the City is updating the Housing, Safety, and Land Use elements and adopting a new Environmental Justice Element to the Garden Grove General Plan; he announced that Friday, September 25, 2020, is the last day to participate in the City's online survey for input on an eight year community housing strategy. He noted the survey is in multiple languages and more information is accessible on the City's website. He stated he participated in a press conference with the Mayors of Anaheim and Buena Park to urge the Governor to provide guidelines for a safe and sensible reopening of Disneyland, noting there are approximately 8,000 jobs directly attributable to and surrounding Disneyland. He stated that Disneyland has a plan and feels confident that they will be able to reopen safely with the improvements made to the park ready to implement when the Governor provides guidance for reopening.

Council Member Klopfenstein noted that much of the Harbor Corridor is in District 5 with many hotels directly affected by Disneyland's closure. She asked for support from her council colleagues to sign a letter urging the Governor to provide reasonable and safe guidance for reopening Disneyland.

Mayor Jones asked that a letter addressed to the Governor should be put forward soon.

Council Member Bui moved to add an urgency item for the purpose of sending a letter to the Governor for consideration to provide timely guidance for reopening Disneyland, seconded by Council Member Klopfenstein.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, D. Nguyen, Bui, Klopfenstein, K.
Nguyen, O'Neill, Jones
Noes: (0) None

It was moved by Council Member Klopfenstein, seconded by Mayor Jones that:

Grove's response rate is just over 78 percent, and the deadline to be included in the Census is Wednesday, September 30, 2020, and she is hopeful for an 80 percent response rate in Garden Grove. She expressed gratitude for staff assistance and support from Congressman Lou Correa on the first Veteran's Day event in the City held last year, and that as we are in the midst of a pandemic, she would like to revisit her idea to hang banners throughout the City to honor our service members and veterans.

Council Member Klopfenstein noted the sad passing of a Garden Grove resident from the West Nile virus caused by mosquitoes. She strongly encouraged residents to take precautions.

Council Member D. Nguyen stressed the importance of the Census and encouraged residents to participate in the 2020 Census count, and that they encourage neighbors who have not yet responded to do so.

City Manager Stiles reiterated comments regarding the 2020 Census and the pending deadline on Wednesday, September 30, 2020. To date, Garden Grove is third in the nation and second in the state at a 78.2 percent response rate. He commended staff on their dedication to Census outreach, and that getting accurate census determines federal and state funding opportunities for our community. He encouraged residents to complete their Census at my2020census.gov. He stated that he will work with staff on a banner program for service members and veterans and will report back to the City Council.

Mayor Jones offered kudos to Council Member K. Nguyen for pushing forward on the 2020 Census.

City Attorney Sandoval announced that no reportable action was taken during Closed Session.

ADJOURNMENT

At 7:49 p.m., Mayor Jones adjourned the meeting. The next Regular City Council Meeting scheduled on Tuesday, October 13, 2020, at 5:30 p.m. at the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

Teresa Pomeroy, CMC
City Clerk

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Patricia Song
Dept.: City Manager Dept.: Finance
Subject: Receive and file warrants. Date: 10/13/2020
 (*Action Item*)

Attached are the warrants recommended to be received and filed.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Warrants	10/1/2020	Warrants	10-13-20_CC_Warrants_(Payroll_9-24-20).pdf
Warrants	10/7/2020	Warrants	10-13-20_CC_Warrants_(Payroll_10-08-20).pdf

184242	JUDITH A MOORE	1957.67	184243	DIANE BELAIR	1919.04
184244	DARIEL TAPIA	471.06	184245	MICHAEL F ROCHA	2073.24
184246	DAMIAN JESUS CHAVEZ	765.36	184247	ARTHUR J FLORES	2387.72
184248	EDWIN O THURMAN JR	918.48	184249	ARNULFO GUZMAN JR	521.95
184250	CALEB T VAUGHN	435.73	184251	JOSEPH N PANELLA	1265.05
184252	WILLIAM ALLISON	9931.48	184253	COMMUNITY HEALTH CHARITI	45.00
184254	GARDEN GROVE POLICE ASSO	1640.00	D370391	GEORGE S BRIETIGAM III	262.05
D370392	PHAT T BUI	202.52	D370393	STEVEN R JONES	225.19
D370394	STEPHANIE L KLOPFENSTEIN	272.96	D370395	DIEDRE THU HA NGUYEN	277.25
D370396	KIM B NGUYEN	280.23	D370397	JOHN R ONEILL	295.80
D370398	PAMELA M HADDAD	1638.20	D370399	SHAWN S PARK	2313.05
D370400	SCOTT C STILES	7036.46	D370401	MARIA A STIPE	5716.06
D370402	MEENA YOO	2209.51	D370403	AMANDA M POLLOCK	1678.90
D370404	TERESA L POMEROY	8311.54	D370405	LIZABETH C VASQUEZ	2765.96
D370406	VERONICA AVILA	2066.35	D370407	JEFFREY P DAVIS	2140.55
D370408	NOELLE N KIM	2085.78	D370409	MISSY M MENDOZA	661.02
D370410	MARIE L MORAN	2571.56	D370411	ANA E PULIDO	3657.46
D370412	KRISTY H THAI	2295.37	D370413	SHAUNA J CARRENO	2015.12
D370414	VY D HO	2314.84	D370415	DANNY HUYNH	4559.60
D370416	VILMA C KLOESS	2442.36	D370417	IVY LE	1621.59
D370418	TAMMY LE	1490.12	D370419	LINDA MIDDENDORF	2611.63
D370420	MARIA A NAVARRO	2986.09	D370421	PHUONG VIEN T NGUYEN	2023.24
D370422	QUANG NGUYEN	2550.70	D370423	TINA T NGUYEN	2247.81
D370424	THYANA T PHI	2684.66	D370425	MARIA RAMOS	2583.83
D370426	TANYA L TO	1526.39	D370427	CUONG K TRAN	2179.30
D370428	ELAINE TRUONG	1631.35	D370429	THANH-NGUYEN VO	1648.69
D370430	DON T BALANAY	2311.74	D370431	SYLVIA GARCIA	1578.99
D370432	YUAN SONG	4793.05	D370433	KAREN M HARRIS	3006.09
D370434	CHRISTI C MENDOZA	986.74	D370435	TREVOR G SMOUSE	2388.53
D370436	JANET J CHUNG	2601.44	D370437	ANN C EIFERT	3306.65
D370438	MARGARITA ABOLA	1870.76	D370439	MARY ANN M ALCANCIA	2933.78
D370440	MARISA ATIN RAMOS	629.22	D370441	ROBERT W MAY	1245.78
D370442	SHAWNA A MCDONOUGH	1311.16	D370443	HEIDY Y MUNOZ	4861.35
D370444	SELAMAWIT NIGATU	2316.91	D370445	MY TRA VO	2168.93
D370446	LIGIA ANDREI	1808.69	D370447	ARIANA B BAUTISTA	1769.50
D370448	KAREN J BROWN	847.74	D370449	CORINNE L HOFFMAN	2492.51
D370450	CHELSEA E LUKAS	2009.80	D370451	EDWARD E MARVIN JR	1706.50
D370452	ANGELA M MENDEZ	1692.07	D370453	JENNIFER L PETERSON	1859.31
D370454	ANH PHAM	1682.55	D370455	EVA RAMIREZ	1950.79
D370456	ALEXIS B ROMERO	2003.46	D370457	JAIME F CHAVEZ	1651.46
D370458	GARY F HERNANDEZ	1679.60	D370459	NEAL M MANALANSAN	1788.06
D370460	DANIEL J SANCHEZ	1747.12	D370461	SANDRA E SEGAWA	3535.58
D370462	ALANA R CHENG	3170.05	D370463	PAUL GUERRERO	2573.20
D370464	LISA L KIM	5408.85	D370465	JULIE A ASHLEIGH	1926.95
D370466	MICHAEL G AUSTIN	2457.40	D370467	RITA M CRAWER	2350.49
D370468	CHRISTOPHER J CRANDALL	2828.54	D370469	BYRON T DAHLHEIMER	2181.83
D370470	RYAN J DAKE	2095.20	D370471	DAVID A DENT	4048.10
D370472	TODD C HARTWIG	2643.45	D370473	RALPH V HERNANDEZ	2327.48

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D370474	ARMANDO HERRERA JR	861.79	D370475	AARON J HODSON	2217.36
D370476	DONALD E LUCAS	2897.94	D370477	SVETLANA MOURE	2171.05
D370478	PHU T NGUYEN	3699.41	D370479	LORENA J QUILLA-SOULES	2659.18
D370480	PEDRO ROQUE	3865.52	D370481	JAKE P TRAN	566.01
D370482	MARCO A VALADEZ	921.58	D370483	CHRISTOPHER CHUNG	2707.06
D370484	PRIT J KASKLA	1970.49	D370485	HUONG Q LY	2000.21
D370486	LEE W MARINO	4092.30	D370487	MARIA L MARTINEZ	2519.84
D370488	MARIA C PARRA	3034.76	D370489	MONICA COVARRUBIAS	3388.32
D370490	GRACE E LEE	4858.44	D370491	AMEENAH ABU HAMDIYYAH	1888.20
D370492	GREG BLODGETT	3117.52	D370493	ROY N ROBBINS	2935.62
D370494	TIMOTHY E THRONE	1938.49	D370495	MICHAEL C BOS	2124.09
D370496	DANIEL J CANDELARIA	4222.04	D370497	VINCENT L DE LA ROSA	2289.03
D370498	KAMYAR DIBAJ	1295.75	D370499	ALICIA M HOFER	1843.54
D370500	NICOLAS C HSIEH	3380.21	D370501	ROSEMARIE JACOT	2112.97
D370502	SHAN L LEWIS	2529.79	D370503	NAVIN B MARU	3573.26
D370504	JUAN C NAVARRO	2711.69	D370505	MICHAEL F SANTOS	2963.05
D370506	MARK P UPHUS	2911.91	D370507	JOSE A VASQUEZ	2802.86
D370508	ANA G VERGARA NEAL	2557.42	D370509	DAI C VU	4864.37
D370510	KHANG L VU	3301.06	D370511	CHRISTOPHER L ALLEN	1741.61
D370512	JOSHUA ARIONUS	2006.74	D370513	ALEJANDRO BANUELOS	2074.31
D370514	JAN BERGER	3284.59	D370515	ROBERT P BERMUDEZ	739.88
D370516	TIM P CANNON	3904.45	D370517	CARINA M DAN	2135.01
D370518	RYAN H DAVIS	1909.00	D370519	KATHLEEN N DELFIN	3673.30
D370520	RONALD W DIEMERT	2027.39	D370521	CHRIS N ESCOBAR	2414.31
D370522	JEREMY J GLENN	1462.15	D370523	ALEJANDRO GONZALEZ	3231.89
D370524	MICHAEL J GRAY	1804.65	D370525	LARRY GRIFFIN	1979.89
D370526	ROBERT A HAENDIGES	3917.22	D370527	RYAN S HART	2022.94
D370528	EDWARD A HUY	2218.74	D370529	VIDAL JIMENEZ	1812.06
D370530	LIYAN JIN	2648.27	D370531	SAMUEL K KIM	3703.34
D370532	AMANDA LE LAI	624.64	D370533	REBECCA PIK KWAN LI	3705.24
D370534	DAVID MA AE	1692.66	D370535	ALFREDO MARTINEZ	1759.43
D370536	TYLER MEISLAHN	1973.92	D370537	JESSE K MONTGOMERY	2223.41
D370538	JUSTIN M MORRIS	1545.67	D370539	STEVEN J MOYA JR	2171.36
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D370544	ANDREW I ORNELAS	3867.69	D370545	DAVID A ORTEGA	2248.46
D370546	CELESTINO J PASILLAS	2765.39	D370547	WILLIAM F PEARSON	3123.19
D370548	JESSICA J POLIDORI	3129.78	D370549	CHRISTOPHER B PRUDHOMME	1747.28
D370550	ESTEBAN H RODRIGUEZ	1940.24	D370551	LES A RUITENSCHILD	2904.09
D370552	JONATHAN RUIZ	2280.42	D370553	ALEXIS SANTOS	1388.72
D370554	ADRIAN M SARMIENTO	3261.59	D370555	ALBERT TALAMANTES JR	2296.90
D370556	MINH K TRAN	2479.53	D370557	ALEJANDRO VALENZUELA JR	1315.58
D370558	ALEJANDRO N VALENZUELA	4449.74	D370559	RONALD J WOLLAND	1416.60
D370560	VICTOR K YERGENSEN	3211.05	D370561	ALICE K FREGOSO	1914.21
D370562	ALICIA R GARCIA	731.23	D370563	RAQUEL K MANSON	2632.05
D370564	WILLIAM E MURRAY JR	6298.82	D370565	EMILY H TRIMBLE	1905.74
D370566	ALFRED J AGUIRRE	3102.61	D370567	GARCIA EDWARD D AMBRIZ	676.23
D370568	RODOLPHO M BECERRA	2129.50	D370569	RAYMOND A BUCHLER	1463.94

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D370570	EDGAR A CANO	1116.44	D370571	ALBERT J CARRISOZA	2255.79
D370572	GABRIELA R CONTRERAS	2708.81	D370573	JULIE T COTTON	1763.00
D370574	ERIC M ESPINOZA	1730.90	D370575	ALBERT R EURS II	2619.02
D370576	ROBERT J FRANCO	788.54	D370577	CASEY G GIROUARD	1494.64
D370578	HERMILO HERNANDEZ	1664.80	D370579	DARNELL D JERRY	636.11
D370580	BRENT KAYLOR	2108.79	D370581	MARK W LADNEY	2744.01
D370582	RAUL LEYVA	2067.69	D370583	DIEGO A MEJIA	1831.72
D370584	RIGOBERTO MENDEZ	948.22	D370585	STEVEN T ORTIZ	2349.77
D370586	PHILLIP Q PHAM	648.62	D370587	RICHARD L PINKSTON	2486.56
D370588	JOSE J ROMAN	727.15	D370589	ALEXIS P TARIN	2118.82
D370590	STEVE J TAVANU'U	3485.68	D370591	SUSAN VITALI	961.31
D370592	STEPHANIE A WASINGER	595.79	D370593	IOAN ANDREI	973.53
D370594	SYLVESTER A BABINSKI IV	1659.75	D370595	DONEISHA L BELL	769.06
D370596	JEFFREY G CANTRELL	2071.41	D370597	JULIA ESPINOZA	1207.38
D370598	CECELIA A FERNANDEZ	1197.73	D370599	CONRAD A FERNANDEZ	1019.67
D370600	DIANA GOMEZ	914.42	D370601	JORGE GONZALEZ	1154.27
D370602	MICHAEL R GREENE	1890.27	D370603	RONALD D GUSMAN	378.45
D370604	GLORIA A HARO	1207.83	D370605	ERIC W JOHNSON	1194.63
D370606	LEONEL A LAMAS	939.76	D370607	KHUONG NGUYEN	1231.91
D370608	DELFRADO C REYES	1210.99	D370609	RAFAEL ROBLES	1565.60
D370610	ADRIANNA M RODRIGUEZ	1086.42	D370611	RODERICK THURMAN	1702.97
D370612	EVARISTO VERA	1737.39	D370613	RICHARD L WILLIAMS	1933.68
D370614	ANSELMO AGUIRRE	3077.73	D370615	DOMINIC CAMERA	717.79
D370616	PHILLIP J CARTER	2516.00	D370617	RICK L DUVAL	2424.94
D370618	AARON R HANSEN	1428.85	D370619	HUY HOA HUYNH	2193.58
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D370626	LUIS A TAPIA	2344.85	D370627	MICHAEL W THOMPSON	3101.72
D370628	JOSEPH E TRUJILLO	1656.75	D370629	WILLIAM J WHITE	2084.25
D370630	JESSE GUZMAN	1895.83	D370631	MARK M KHALIL	2152.33
D370632	BRETT A MEISLAHN	2200.03	D370633	DOUGLAS A MOORE	2153.42
D370634	ANDREW J MORELAND	575.89	D370635	AUSTIN H POWELL	1942.35
D370636	MELVIN P REED	1617.56	D370637	STEPHEN D SUDDUTH	1632.65
D370638	TIMOTHY WALLINGFORD	3265.24	D370639	HILLARD J WILLIAMS	115.63
D370640	SOMELIA K GOUNTOUNA	2111.35	D370641	ALBERT J HOLMON III	3353.29
D370642	VICTOR T BLAS	2262.86	D370643	FRANK X DE LA ROSA	2031.07
D370644	JOSE GOMEZ	1970.04	D370645	MICHAEL V GUERRERO	1506.37
D370646	BRENT W HAYES	3356.63	D370647	FRANK D HOWENSTEIN	2370.84
D370648	ALLEN G KIRZHNER	2342.26	D370649	BRANDON S NUNES	1410.89
D370650	STEPHEN PORRAS	3749.38	D370651	JESSE VIRAMONTES	2391.63
D370652	JOHN ZAVALA	3095.83	D370653	STEPHAINE AMBRIZ	365.06
D370654	JOSELYN D AVALOS	214.89	D370655	REBECCA J BAILOR	452.58
D370656	JOSUE BARREIRO MENDOZA	1457.05	D370657	DYLAN J BOGGAN	72.11
D370658	RACHEL M CAMARENA	1929.21	D370659	RENE CAMARENA	1898.71
D370660	VICTORIA M CASILLAS	1865.77	D370661	AMANDA D CROSS	1727.68
D370662	GISELL L CRUZ	605.89	D370663	KENNETH E CUMMINGS	198.23
D370664	MARLY DELGADO CHAVEZ	539.38	D370665	GABRIELA DIAZ	580.90

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D370666	LORENE U DO LE	30.04	D370667	MARK C FREEMAN	3071.77
D370668	JARED D GARCIA	451.75	D370669	STEVEN E GOMEZ	803.10
D370670	JACOB R GRANT	3315.86	D370671	LAUREN E HULL	383.96
D370672	KALYSTA N LOPEZ	30.04	D370673	ELAINE M MA AE	2491.75
D370674	JOHANA L MALDONADO	176.28	D370675	LORENA OCHOA MCINTYRE	2007.89
D370676	JESUS MEDINA	1816.08	D370677	JUAN MEDINA	2122.38
D370678	JOHN A MONTANCHEZ	4791.92	D370679	KIRSTEN K NAKAISHI	464.58
D370680	NOEL N NICHOLAS	2301.90	D370681	JENNIFER GODDARD NYE	2619.30
D370682	GABRIELA OCADIZ HERNANDE	2916.13	D370683	STEPHANIE ORTIZ	263.43
D370684	CHRISTIAN PANGAN	198.27	D370685	JANET E PELAYO	3394.88
D370686	ARIELLE PICKRELL	23.98	D370687	ALEXA PRADO	376.60
D370688	SHADY S PUALLOA	462.74	D370689	SUGEIRY REYNOSO	2333.56
D370690	MARINA Y ROMERO	1939.36	D370691	MONICA K ROMO	54.08
D370692	MARIA D ROSALES	316.52	D370693	TANYA ROSAS	195.02
D370694	DANA MARIE SAUCEDO	2360.66	D370695	EMERON J SCHLUMPBERGER	476.95
D370696	REBECCA S SMITH	55.72	D370697	KENNETH P TRAVIS III	348.26
D370698	CLAUDIA VALDIVIA	3581.53	D370699	JEFFREY VAN SICKLE	2221.62
D370700	JOSHUA VENCES	42.06	D370701	PAUL E VICTORIA	1300.62
D370702	JACOB D VIRAMONTES	531.44	D370703	THOMAS R DARE	6298.88
D370704	CAROLE A KANEGAE	2300.28	D370705	VINCENTE J VAICARO	3953.81
D370706	CLAUDIA ALARCON	3112.98	D370707	KRISTEN A BACKOURIS	1586.22
D370708	SHARON S BAEK	1980.84	D370709	RAY E BEX	5294.81
D370710	GENA M BOWEN	1796.35	D370711	JESENIA CAMPOS	2058.86
D370712	BRIAN D DALTON	3088.91	D370713	NICHOLAS A DE ALMEIDA LO	2892.98
D370714	AMIR A EL FARRA	5189.21	D370715	HELENA EL SOUSOU	4028.69
D370716	PATRICK E GILDEA	5824.96	D370717	BRIAN C GIRGENTI	3092.11
D370718	AI KELLY HUYNH	3284.43	D370719	MICHAEL J JENSEN	3455.88
D370720	ALLYSON T LE	1546.85	D370721	MATTHEW P MARCHAND	3007.25
D370722	LINDA M MORIN	3775.14	D370723	PHILLIP H PHAM	2674.83
D370724	JOHN E REYNOLDS	4805.93	D370725	ASHLEY C ROJAS	1646.34
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D370728	MICHAEL J VISCOMI	3800.76	D370729	GIOVANNI ACOSTA	2709.70
D370730	PEDRO R ARELLANO	4014.15	D370731	TIMOTHY R ASHBAUGH	2634.58
D370732	ALFREDO R AVALOS	4462.46	D370733	COLLIN E BAKER	1950.43
D370734	BEAU A BERENGER	3107.94	D370735	RENZO CHUMBE	2211.17
D370736	DARRYL B CORTEZ JR	2142.97	D370737	GARY L COULTER	2677.08
D370738	CHARLIE DANIELEY III	1422.93	D370739	ISAAC DAVILA	2141.71
D370740	RONALD A DOSCHER	915.57	D370741	BROC D DUDLEY	2212.70
D370742	STEPHEN C ESTLOW	1186.06	D370743	JESUS FAJARDO	2192.57
D370744	HECTOR FERREIRA JR	2951.08	D370745	KARI A FLOOD	2630.57
D370746	ROBERT D FRESENIUS	2083.02	D370747	JASON S FULTON	2329.58
D370748	JOSEPH P GROSS JR	3143.14	D370749	TRAVIS J HADDEN	2299.39
D370750	JOSE D HERRERA	3333.26	D370751	JASON A HOWARD	2851.71
D370752	KIRK P HURLEY	2098.95	D370753	DONALD J HUTCHINS	3261.03
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D370756	CHAD B KIM	2336.45	D370757	TIMOTHY P KOVACS	4200.31
D370758	MICHAEL J LANG	2654.39	D370759	ANGELA LEDESMA	3057.17
D370760	RAPHAEL M LEE	1917.50	D370761	MARK A LORD	3717.07

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D370762	RYAN M LUX	2805.36	D370763	JORGE L MAZON	3200.24
D370764	MICHAEL A MOSER	1904.98	D370765	MITCHEL S MOSSE	2918.20
D370766	JASON S PERKINS	3524.30	D370767	COREY T POLOPEK	2587.15
D370768	SINDY RAMIREZ OROZCO	2798.53	D370769	JOHN E RANEY	3336.32
D370770	THOMAS S REED	2457.40	D370771	AARON T SHIPLEY	2235.98
D370772	SHAYLEN L SIMONS	2201.95	D370773	CHARLES W STARNES	2779.50
D370774	EDGAR VALENCIA	3411.59	D370775	ROYCE C WIMMER	3320.39
D370776	SARAH A WRIGHT	2377.19	D370777	COLE A YNIGUEZ	2296.75
D370778	MARCOS R ALAMILLO	2938.15	D370779	BOBBY B ANDERSON	4310.08
D370780	FRANCISCO AVALOS JR	2384.82	D370781	JOHN F BANKSON	3347.29
D370782	JOSHUA K BEHZAD	2436.42	D370783	EVAN S BERESFORD	2768.77
D370784	TROY F BOWMAN	2214.94	D370785	JEFFREY A BROWN	3991.54
D370786	RYAN V BUSTILLOS	3089.44	D370787	JUAN C CENTENO	4484.41
D370788	JEROME L CHEATHAM	3973.63	D370789	HAN J CHO	3694.38
D370790	BRIAN M CLASBY JR	3006.00	D370791	JULIO C CORTEZ	2262.66
D370792	JUAN L DELGADO JR	3563.51	D370793	KEVIN DINH	2915.39
D370794	TAYLOR M DUARTE	2164.83	D370795	OTTO J ESCALANTE	5874.03
D370796	JOSHUA N ESCOBEDO	3088.88	D370797	MICHELLE N ESTRADA MONSA	2579.57
D370798	GEORGE R FIGUEREDO	1558.63	D370799	SEAN M GLEASON	2374.54
D370800	KYLE N HALEY	2260.91	D370801	EFRAIN A JIMENEZ JR	2959.35
D370802	CODY M JOHNSON	2282.32	D370803	ROBERT J KIVLER	2116.94
D370804	ARION J KNIGHT	1894.03	D370805	PETER M KUNKEL	3420.96
D370806	ERICK LEYVA	4166.33	D370807	RAFAEL LOERA JR	2889.91
D370808	JESSE A LUCATERO	2762.00	D370809	ROBERTO MACHUCA	2238.83
D370810	TAYLOR A MACY	2989.61	D370811	GIANLUCA F MANIACI	3344.71
D370812	BRYAN J MEERS	4522.06	D370813	NATHAN D MORTON	3096.42
D370814	PATRICK W MURPHY	2798.93	D370815	PATRICK J MUSCHETTO	2184.34
D370816	JEFFREY C NGUYEN	3227.51	D370817	JOSHUA T OLIVO	3858.68
D370818	STEVEN TRUJILLO ORTIZ	2213.39	D370819	EMMANUEL PEREZ	2136.26
D370820	OMAR F PEREZ	1983.85	D370821	LUIS A QUIROZ	1807.15
D370822	LUIS F RAMIREZ	3300.37	D370823	DANIEL RODRIGUEZ	2571.13
D370824	SEAN M SALAZAR	2869.41	D370825	ALFREDO SALGADO JR.	2164.83
D370826	CHRISTOPHER M SHELREN	2610.40	D370827	PAUL W ASHBY	4027.96
D370828	THOMAS A CAPPS	4271.43	D370829	MICHAEL K ELHAMI	5520.29
D370830	SHELBY KEULIAN	1831.21	D370831	DANNY J MIHALIK	6392.81
D370832	JEREMY N MORSE	3761.66	D370833	JASON M MURO	5060.91
D370834	RON A REYES	4553.19	D370835	DANIELLE E RIEDL	4120.92
D370836	ROCKY F RUBALCABA	4490.20	D370837	LINO G SANTANA	7018.45
D370838	DUO XU	1663.54	D370839	JOHN J YERGLER	3223.89
D370840	CHRISTOPHER M EARLE	3956.63	D370841	BENJAMIN M ELIZONDO	2846.94
D370842	KRISTOFER D KELLEY	7105.50	D370843	NICHOLAS A LAZENBY	3091.30
D370844	CHARLES H LOFFLER	3066.10	D370845	BRADLEY A LOWEN	18740.04
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D370848	AARON J COOPMAN	3175.23	D370849	MICHAEL E GERDIN	2962.18
D370850	TROY HALLER	4738.94	D370851	JASON L JOHNSON	3314.32
D370852	RAUL MURILLO JR	4398.21	D370853	ERIC T RUZIECKI	3406.14
D370854	RENE BARRAZA	2788.62	D370855	PATRICK R JULIENNE	2535.48
D370856	DEREK M LINK	3486.09	D370857	ADAM D ZMIJA	3706.53

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D370858	LISA A BELTHIUS	139.30	D370859	RANDY G CHUNG	101.24
D370860	COURTNEY P CIBOSKY	2867.79	D370861	ADAM B COUGHRAN	45.07
D370862	JOHN DANG	292.82	D370863	CHRISTOPHER C DOVEAS	240.97
D370864	DANIEL S EDWARDS	743.59	D370865	EDWARD K KIM	288.32
D370866	EDUARDO C LEIVA	6174.09	D370867	JOHN O OJEISEKHOBIA	278.61
D370868	CARL J WHITNEY	4263.11	D370869	ANDREW N BUI	489.82
D370870	TANNER C DE PADUA	272.50	D370871	JOSEPH A GARCIA	430.69
D370872	SERGIO J JIMENEZ TAVAREZ	408.67	D370873	RUDY A ROCHA	330.51
D370874	KENTON TRAN	425.50	D370875	TYLER D VU	494.77
D370876	KAREN D BRAME	1006.81	D370877	KENNETH L CHISM	1943.16
D370878	PAUL E DANIELSON	934.80	D370879	KORY C FERRIN	3917.99
D370880	JAMES D FISCHER	680.53	D370881	VICTORIA M FOSTER	1412.07
D370882	GONZALO GONZALEZ JR	1864.33	D370883	THI A HUYNH	4938.34
D370884	KENNETH E MERRILL	488.94	D370885	THOMAS R NADOLSKI	1795.88
D370886	JACOB J NEELY	1724.88	D370887	DESTINY M NUNEZ	351.26
D370888	DOUGLAS A PLUARD	3729.34	D370889	LEVI JOENIEL SILVA	1708.22
D370890	RICHARD A ALVAREZ BROWN	3018.21	D370891	RICHARD O BURILLO	4402.64
D370892	FLOR DE LIS ELIZONDO	1426.72	D370893	PATRICIA C FLINN	2632.31
D370894	BAO TINH THI LE	1131.60	D370895	RAQUEL D MATA	1307.64
D370896	REBECCA S MEEKS	3712.82	D370897	JONATHAN B WAINWRIGHT	3486.67
D370898	DAVID C YOUNG	3571.61	D370899	MARIA A ALCARAZ	2734.47
D370900	MADELINE M ALVARADO	1495.57	D370901	MARIA S ATWOOD	2120.56
D370902	RYAN S BERLETH	2050.78	D370903	BRITTANEE N BRANTNER	2091.72
D370904	CARISSA L BRUNICK	1813.42	D370905	TAMMY L CHAURAN HAIRGROV	1759.75
D370906	JACINTA F CHOWDHURY	2085.30	D370907	KRISTINA L CORNETT	1470.52
D370908	RUSSELL B DRISCOLL	1771.75	D370909	VERONICA FRUTOS	1160.92
D370910	DAVID L GEORGE	2207.41	D370911	PINKY C HINGCO	2306.34
D370912	LINDALINH THU LY	1676.19	D370913	MARIA C MCFARLANE	2307.85
D370914	DAWN M MONTOYA	1825.64	D370915	TRINA T NGUYEN	2200.81
D370916	JENNIFER V ROMBOUGH	2181.78	D370917	KIMBRA S VELLANOWETH	2209.77
D370918	CHRISTAL L WEYKER	1630.43	D370919	SHANNON M YELENSKY	1713.96
D370920	SANDRA M ARROYO	1919.27	D370921	SHYLER R.D. CHAPPELL	2279.79
D370922	JENNIFER A DIX	2435.42	D370923	KATHERINE M FRANCISCO	2362.97
D370924	AMANDA B GARNER	2297.05	D370925	ARCHIE GUZMAN	2271.50
D370926	LAUREN M LADD	1930.12	D370927	ROBERT D LUX	2628.66
D370928	MELISSA MENDOZA CAMPOS	2209.70	D370929	BRANDY J PARK	3793.07
D370930	CRISTINA V PAVAN	2156.19	D370931	JENNIFER M RODRIGUEZ	2563.94
D370932	TANYA L SAMOFF	3259.86	D370933	SUSAN A I SEYMOUR	2606.20
D370934	NICOLE D SHORROW	2534.98	D370935	DANNY J SOSEBEE	1859.56
D370936	MARSHA D SPELLMAN	3290.37	D370937	SPENCER T TRAN	2288.67
D370938	SANTA WARDLE	1401.44	D370939	CHERYL L WHITNEY	2128.94
D370940	DANIEL A CAMARA	2560.22	D370941	RICHARD E DESBIENS	2219.01
D370942	JAMES D FRANKS	4023.24	D370943	PETE GARCIA	2439.02
D370944	ROBERT J GIFFORD	3000.79	D370945	STEVEN H HEINE	1656.31
D370946	WILLIAM T HOLLOWAY	3570.18	D370947	GERALD F JORDAN	2857.59
D370948	JOSEPH L KOLANO	2720.18	D370949	LEA K KOVACS	2740.40
D370950	DAVID LOPEZ	5684.87	D370951	STEVEN W LUKAS	1940.87
D370952	MARIO MARTINEZ JR	4195.43	D370953	ADAM C NIKOLIC	4924.18

*** PAGE TOTAL = 203039.07

D370954	LUIS A PAYAN	2649.08	D370955	TERRA M RAMIREZ	2324.37
D370956	CHRISTIN E ROGERS	2919.09	D370957	BRIAN T STROUD	2865.94
D370958	PAUL M TESSIER	2881.91	D370959	TUONG-VAN NGUYEN VU	7110.15
D370960	DENNIS WARDLE	3003.72	D370961	SUMMER A BOGUE	2312.56
D370962	ERIC A QUINTERO	510.51	D370963	JANNA K BRADLEY	2665.40
D370964	MARY C CERDA	2095.20	D370965	BRANDI M HART	594.77
D370966	LIANE Y KWAN	3318.84	D370967	JANY H LEE	3666.75
D370968	SHERRILL A MEAD	2318.73	D370969	STEPHANIE E RICHARDS	1897.12
D370970	CAITLYN M STEPHENSON	1953.12	D370971	LAURA J STOVER	5542.44
D370972	ANNA L GOLD	1929.49	D370973	KATRENA J SCHULZE	520.81
D370974	MATTHEW T SWANSON	1708.80	D370975	ANTHONY VALENZUELA	1514.80
D370976	CANDY G WILDER	2372.57	D370977	STEVEN F ANDREWS	2361.50
D370978	TERENCE S CHANG	2751.26	D370979	VERNA L ESPINOZA	1975.84
D370980	CESAR GALLO	2739.56	D370981	ERNIE E HINGCO	2045.49
D370982	GEOFFREY A KLOESS	3500.17	D370983	RACHOT MORAGRAAN	3632.42
D370984	NOEL J PROFFITT	3255.91	D370985	ANAND V RAO	5713.31
D370986	ROD T VICTORIA	2322.58	D370987	TERREL KEITH WINSTON	3518.88
D370988	O.C.E.A. GENERAL	2363.20	D370989	O.C.E.A.	1101.61
D370990	POLICE ASSN	15967.80	D370991	SOCAL CREDIT UNION	44217.00
D370992	SOUTHLAND CREDIT UNION	4251.94	W2734	GREAT WEST LIFE 457 #340	101414.60
W2735	GREAT WEST LIFE OBRA#340	1917.37	W2736	INTERNAL REVENUE SERVICE	302496.26
W2737	EMPLOYMENT DEVELOPMENT D	93721.07			

**** PAGE TOTAL = 659943.94

TOTAL CHECK PAYMENTS	13	24,331.78
TOTAL DIRECT DEPOSITS	602	1,499,386.05
TOTAL WIRE PAYMENTS	4	499,549.30
GRAND TOTAL PAYMENTS	619	2,023,267.13

Checks #184242 thru #184254, and Direct Deposits #D370391 thru #D370992, and wire #W2734 thru #W2737 presented in the Payroll Register submitted to the Garden Grove City Council 13 OCT 2020, have been audited for accuracy and funds are available for payment thereof.

Patricia Song
PATRICIA SONG - FINANCE DIRECTOR

184255	RETA J WESTON	2247.18	184256	JUDITH A MOORE	1957.67
184257	DIANE BELAIR	1919.04	184258	DARIEL TAPIA	690.52
184259	MICHAEL F ROCHA	2073.24	184260	DAMIAN JESUS CHAVEZ	668.51
184261	ARTHUR J FLORES	2387.72	184262	EDWIN O THURMAN JR	1043.92
184263	FRANK X DE LA ROSA	2847.90	184264	DEANNA M CHUMACERO	734.61
184265	ARNULFO GUZMAN JR	545.20	184266	COLLIN E BAKER	11973.70
184267	WILLIAM ALLISON	4524.23	184268	COMMUNITY HEALTH CHARITI	45.00
184269	GARDEN GROVE POLICE ASSO	1640.00	D370991	CAROL E BECKLES	49.27
D370992	GEORGE S BRIETIGAM III	409.87	D370993	PHAT T BUI	225.34
D370994	STEVEN R JONES	373.01	D370995	STEPHANIE L KLOPFENSTEIN	295.78
D370996	DIEDRE THU HA NGUYEN	410.07	D370997	KIM B NGUYEN	413.05
D370998	JOHN R ONEILL	443.62	D370999	STEVE R SOLORIO	45.52
D371000	PAMELA M HADDAD	1638.20	D371001	SHAWN S PARK	2313.05
D371002	SCOTT C STILES	7036.46	D371003	MARIA A STIPE	5673.77
D371004	MEENA YOO	2269.51	D371005	AMANDA M POLLOCK	1678.90
D371006	TERESA L POMEROY	3546.26	D371007	LIZABETH C VASQUEZ	2165.88
D371008	VERONICA AVILA	2066.35	D371009	JEFFREY P DAVIS	2133.62
D371010	NOELLE N KIM	2085.78	D371011	MISSY M MENDOZA	709.21
D371012	MARIE L MORAN	2571.56	D371013	ANA E PULIDO	3657.46
D371014	KRISTY H THAI	2295.37	D371015	SHAUNA J CARRENO	2015.12
D371016	VY D HO	2205.21	D371017	DANNY HUYNH	3674.84
D371018	VILMA C KLOESS	2442.36	D371019	IVY LE	1621.59
D371020	TAMMY LE	1490.12	D371021	LINDA MIDDENDORF	2611.63
D371022	MARIA A NAVARRO	2803.38	D371023	PHUONG VIEN T NGUYEN	2023.24
D371024	QUANG NGUYEN	2550.70	D371025	TINA T NGUYEN	2247.81
D371026	THYANA T PHI	1610.89	D371027	MARIA RAMOS	2306.49
D371028	TANYA L TO	1526.39	D371029	CUONG K TRAN	3179.30
D371030	ELAINE TRUONG	1631.35	D371031	THANH-NGUYEN VO	1560.94
D371032	DON T BALANAY	1884.91	D371033	SYLVIA GARCIA	1995.65
D371034	YUAN SONG	4793.05	D371035	KAREN M HARRIS	3006.09
D371036	CHRISTI C MENDOZA	986.74	D371037	TREVOR G SMOUSE	2306.61
D371038	JANET J CHUNG	2851.44	D371039	ANN C EIFERT	3306.65
D371040	MARGARITA ABOLA	1870.76	D371041	MARY ANN M ALCANCIA	2933.78
D371042	MARISA ATIN RAMOS	916.99	D371043	ROBERT W MAY	1245.78
D371044	SHAWNA A MCDONOUGH	1311.16	D371045	HEIDY Y MUNOZ	3237.76
D371046	SELAMAWIT NIGATU	2316.91	D371047	MY TRA VO	2168.93
D371048	LIGIA ANDREI	1738.56	D371049	ARIANA B BAUTISTA	1769.51
D371050	KAREN J BROWN	845.30	D371051	CORINNE L HOFFMAN	2342.51
D371052	CHELSEA E LUKAS	2009.80	D371053	EDWARD E MARVIN JR	1706.50
D371054	ANGELA M MENDEZ	1692.07	D371055	JENNIFER L PETERSON	1859.31
D371056	ANH PHAM	1682.55	D371057	EVA RAMIREZ	1950.79
D371058	ALEXIS B ROMERO	2003.46	D371059	JAIME F CHAVEZ	1651.46
D371060	GARY F HERNANDEZ	1679.60	D371061	NEAL M MANALANSAN	1788.06
D371062	DANIEL J SANCHEZ	1747.12	D371063	SANDRA E SEGAWA	3490.79
D371064	ALANA R CHENG	3170.05	D371065	PAUL GUERRERO	3089.57
D371066	LISA L KIM	5408.85	D371067	JULIE A ASHLEIGH	1926.95
D371068	MICHAEL G AUSTIN	2457.40	D371069	RITA M CRAMER	2350.49
D371070	CHRISTOPHER J CRANDALL	3027.78	D371071	BRYSON T DAHLHEIMER	2181.83

**** PAGE TOTAL = 208010.23

D371072	RYAN J DAKE	2095.20	D371073	DAVID A DENT	4048.10
D371074	TODD C HARTWIG	2643.45	D371075	RALPH V HERNANDEZ	2327.48
D371076	ARMANDO HERRERA JR	861.79	D371077	AARON J HODSON	2215.27
D371078	DONALD E LUCAS	2897.94	D371079	SVETLANA MOURE	2171.05
D371080	PHU T NGUYEN	3699.38	D371081	LORENA J QUILLA SOULES	2659.18
D371082	PEDRO ROQUE	2736.02	D371083	JAKE P TRAN	745.54
D371084	MARCO A VALADEZ	1018.19	D371085	CHRISTOPHER CHUNG	2707.06
D371086	PRIT J KASKLA	1970.49	D371087	HUONG Q LY	2000.21
D371088	LEE W MARINO	4092.30	D371089	MARIA L MARTINEZ	2519.84
D371090	MARIA C PARRA	3605.33	D371091	MONICA COVARRUBIAS	3388.32
D371092	GRACE E LEE	2499.24	D371093	AMEENAH ABU HAMDIYYAH	1888.20
D371094	GREG BLODGETT	3117.52	D371095	ROY N ROBBINS	2935.63
D371096	TIMOTHY E THRONE	1938.49	D371097	MICHAEL C BOS	2124.09
D371098	DANIEL J CANDELARIA	4222.04	D371099	VINCENT L DE LA ROSA	2289.03
D371100	KAMYAR DIBAJ	1294.88	D371101	ALICIA M HOFER	1843.54
D371102	NICOLAS C HSTEH	3380.21	D371103	ROSEMARIE JACOT	2532.93
D371104	SHAN L LEWIS	2460.80	D371105	NAVIN B MARU	3573.26
D371106	JUAN C NAVARRO	2428.22	D371107	MICHAEL F SANTOS	2963.05
D371108	MARK P UPHUS	3386.65	D371109	JOSE A VASQUEZ	2430.99
D371110	ANA G VERGARA NEAL	2557.42	D371111	DAI C VU	4013.72
D371112	KHANG L VU	3303.68	D371113	CHRISTOPHER L ALLEN	1741.61
D371114	JOSHUA ARIONUS	2014.57	D371115	ALEJANDRO BANUELOS	1821.12
D371116	JAN BERGER	2265.75	D371117	ROBERT P BERMUDEZ	1293.31
D371118	TIM P CANNON	3489.31	D371119	CARINA M DAN	2135.01
D371120	RYAN H DAVIS	1668.29	D371121	KATHLEEN N DELFIN	1173.30
D371122	RONALD W DIEMERT	2027.39	D371123	CHRIS N ESCOBAR	3087.37
D371124	JEREMY J GLENN	1462.16	D371125	ALEJANDRO GONZALEZ	2976.15
D371126	MICHAEL J GRAY	1804.65	D371127	LARRY GRIFFIN	1735.14
D371128	ROBERT A HAENDIGES	3233.24	D371129	RYAN S HART	3355.28
D371130	EDWARD A HUY	2238.95	D371131	VIDAL JIMENEZ	1709.97
D371132	LIYAN JIN	2762.45	D371133	SAMUEL K KIM	3703.34
D371134	AMANDA LE LAI	520.51	D371135	REBECCA PIK KWAN LI	3705.24
D371136	DAVID MA AE	922.86	D371137	ALFREDO MARTINEZ	1759.43
D371138	TYLER MEISLAHN	1973.92	D371139	JESSE K MONTGOMERY	2718.52
D371140	JUSTIN M MORRIS	1545.67	D371141	STEVEN J MOYA JR	2171.36
D371142	BASIL G MURAD	3053.69	D371143	KIRK L NATLAND	1290.36
D371144	DUC TRUNG NGUYEN	2089.16	D371145	CORNELIU NICOLAE	3408.74
D371146	ANDREW I ORNELAS	2037.70	D371147	DAVID A ORTEGA	2369.68
D371148	CELESTINO J PASILLAS	2765.39	D371149	WILLIAM F PEARSON	3846.88
D371150	JESSICA J POLIDORI	3129.78	D371151	CHRISTOPHER B PRUDHOMME	1360.01
D371152	ESTEBAN H RODRIGUEZ	1742.76	D371153	LES A RUITENSCHILD	2904.09
D371154	JONATHAN RUIZ	2280.42	D371155	ALEXIS SANTOS	1388.72
D371156	ADRIAN M SARMIENTO	3654.37	D371157	ALBERT TALAMANTES JR	2338.67
D371158	MINH K TRAN	3165.39	D371159	ALEJANDRO VALENZUELA JR	1292.25
D371160	ALEJANDRO N VALENZUELA	2174.51	D371161	RONALD J WOLLAND	1416.60
D371162	VICTOR K YERGENSEN	1956.74	D371163	ALICE K FREGOSO	1914.21
D371164	ALICIA R GARCIA	731.23	D371165	RAQUEL K MANSON	2632.05
D371166	WILLIAM E MURRAY JR	6298.82	D371167	EMILY H TRIMBLE	1905.74

**** PAGE TOTAL = 233749.56

D371168	ALFRED J AGUIRRE	3321.23	D371169	GARCIA EDWARD D AMBRIZ	675.50
D371170	RODOLPHO M BECERRA	2129.50	D371171	RAYMOND A BUCHLER	1463.94
D371172	EDGAR A CANO	1229.92	D371173	ALBERT J CARRISOZA	2033.85
D371174	GABRIELA R CONTRERAS	2614.40	D371175	JULIE T COTTON	1763.00
D371176	ERIC M ESPINOZA	1658.38	D371177	ALBERT R EURS II	2619.02
D371178	ROBERT J FRANCO	384.99	D371179	CASEY G GIROUARD	1401.11
D371180	HERMILO HERNANDEZ	1996.93	D371181	DARNELL D JERRY	704.79
D371182	BRENT KAYLOR	2108.79	D371183	MARK W LADNEY	2934.31
D371184	RAUL LEYVA	2554.07	D371185	DIEGO A MEJIA	1831.72
D371186	RIGOBERTO MENDEZ	722.90	D371187	STEVEN T ORTIZ	2349.77
D371188	PHILLIP Q PHAM	647.90	D371189	RICHARD L PINKSTON	2486.56
D371190	JOSE J ROMAN	875.12	D371191	ALEXIS P TARIN	2666.06
D371192	STEVE J TAUANU'U	3233.14	D371193	SUSAN VITALI	1090.40
D371194	STEPHANIE A WASINGER	424.17	D371195	IOAN ANDREI	991.48
D371196	SYLVESTER A BABINSKI IV	1659.75	D371197	DONEISHA L BELL	776.37
D371198	JEFFREY G CANTRELL	2183.98	D371199	JULIA ESPINOZA	1218.07
D371200	CECELIA A FERNANDEZ	1197.73	D371201	CONRAD A FERNANDEZ	1015.78
D371202	DIANA GOMEZ	930.97	D371203	JORGE GONZALEZ	1154.28
D371204	MICHAEL R GREENE	1980.13	D371205	RONALD D GUSMAN	1093.81
D371206	GLORIA A HARO	1165.99	D371207	ERIC W JOHNSON	1194.63
D371208	LEONEL A LAMAS	1055.22	D371209	KHUONG NGUYEN	1210.99
D371210	DELFRADO C REYES	1210.99	D371211	RAFAEL ROBLES	1432.80
D371212	ADRIANNA M RODRIGUEZ	1096.15	D371213	RODERICK THURMAN	1702.97
D371214	EVARISTO VERA	1737.39	D371215	RICHARD L WILLIAMS	1937.38
D371216	ANSELMO AGUIRRE	1967.04	D371217	DOMINIC CAMERA	717.79
D371218	PHILLIP J CARTER	2516.00	D371219	RICK L DUVAL	2989.67
D371220	AARON R HANSEN	1428.85	D371221	HUY HOA HUYNH	2515.44
D371222	MATTHEW D ILFELD	1291.47	D371223	BRYAN D KWIATKOWSKI	1911.61
D371224	DANIEL C MOSS	1377.27	D371225	ROLANDO QUIROZ	2150.40
D371226	RICARDO SALDIVAR	568.54	D371227	WILLIAM A SOTO	1866.61
D371228	LUIS A TAPIA	2344.85	D371229	MICHAEL W THOMPSON	3178.27
D371230	JOSEPH E TRUJILLO	1161.87	D371231	WILLIAM J WHITE	2076.55
D371232	JESSE GUZMAN	1895.83	D371233	MARK M KHALIL	2002.33
D371234	BRETT A MEISLAHN	2200.03	D371235	DOUGLAS A MOORE	2153.42
D371236	ANDREW J MORELAND	594.02	D371237	AUSTIN H POWELL	2131.10
D371238	MELVIN P REED	1617.56	D371239	STEPHEN D SUDDUTH	1467.81
D371240	TIMOTHY WALLINGFORD	2166.39	D371241	HILLARD J WILLIAMS	115.63
D371242	SOUHELIA K GOUNTOUNA	2111.35	D371243	ALBERT J HOLMON III	3353.29
D371244	VICTOR T BLAS	2649.13	D371245	JOSE GOMEZ	2017.73
D371246	MICHAEL V GUERRERO	1506.37	D371247	BRENT W HAYES	3356.63
D371248	FRANK D HOWNSTEIN	2370.84	D371249	ALLEN G KIRZNER	5278.37
D371250	BRANDON S NUNES	1410.89	D371251	STEPHEN PORRAS	2809.60
D371252	JESSE VIRAMONTES	1507.54	D371253	JOHN ZAVALA	2247.65
D371254	STEPHAINE AMBRIZ	414.78	D371255	REBECCA J BAILOR	471.47
D371256	JOSUE BARREIRO MENDOZA	1457.05	D371257	DYLAN J BOGGAN	58.89
D371258	RACHEL M CAMARENA	1929.21	D371259	RENE CAMARENA	2242.71
D371260	VICTORIA M CASILLAS	1865.77	D371261	AMANDA D CROSS	1727.68
D371262	GISELL L CRUZ	592.18	D371263	KENNETH E CUMMINGS	82.82

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D371264	MARLY DELGADO CHAVEZ	563.63	D371265	GABRIELA DIAZ	643.18
D371266	LORENE U DO LE	60.09	D371267	MARK C FREEMAN	3071.77
D371268	JARED D GARCIA	467.78	D371269	STEVEN E GOMEZ	810.54
D371270	JACOB R GRANT	1993.40	D371271	LAUREN E HULL	465.50
D371272	KALYSTA N LOPEZ	60.09	D371273	ELAINE M MA AE	2489.94
D371274	LORENA OCHOA MCINTYRE	2453.71	D371275	JESUS MEDINA	1816.08
D371276	JUAN MEDINA	2122.38	D371277	JOHN A MONTANCHEZ	4791.92
D371278	KIRSTEN K NAKAISHI	443.55	D371279	NOEL N NICHOLAS	925.00
D371280	JENNIFER GODDARD NYE	2619.30	D371281	GABRIELA OCADIZ HERNANDE	3532.13
D371282	STEPHANIE ORTIZ	241.39	D371283	CHRISTIAN PANGAN	45.87
D371284	JANET E PELAYO	3394.88	D371285	EDOUARD T PHAN	36.06
D371286	ALEXA PRADO	354.56	D371287	SHADY S PUALLOA	462.74
D371288	SUGEIRY REYNOSO	2333.56	D371289	MARINA Y ROMERO	1939.36
D371290	MARIA D ROSALES	316.52	D371291	TANYA ROSAS	195.02
D371292	DIANA SALDIVAR	132.20	D371293	DANA MARIE SAUCEDO	2360.66
D371294	EMERON J SCHLUMPBERGER	583.74	D371295	REBECCA S SMITH	97.52
D371296	KENNETH P TRAVIS III	250.75	D371297	CLAUDIA VALDIVIA	3096.53
D371298	JEFFREY VAN SICKLE	2221.62	D371299	JOSHUA VENCES	84.13
D371300	PAUL E VICTORIA	1300.62	D371301	JACOB D VIRAMONTES	499.84
D371302	THOMAS R DARE	5695.94	D371303	CAROLE A KANEGAE	2300.28
D371304	VINCENTE J VAICARO	4284.93	D371305	CLAUDIA ALARCON	3848.34
D371306	KRISTEN A BACKOURIS	1586.22	D371307	SHARON S BAEK	1980.84
D371308	RAY E BEX	3944.85	D371309	GENA M BOWEN	1796.35
D371310	JESENIA CAMPOS	2058.86	D371311	BRIAN D DALTON	2952.35
D371312	NICHOLAS A DE ALMEIDA LO	3086.33	D371313	AMIR A EL FARRA	4104.88
D371314	HELENA ELSOUSOU	2598.74	D371315	PATRICK E GILDEA	6521.78
D371316	BRIAN C GIRGENTI	5307.06	D371317	AI KELLY HUYNH	2246.01
D371318	MICHAEL J JENSEN	3818.62	D371319	ALLYSON T LE	1546.85
D371320	MATTHEW P MARCHAND	3532.23	D371321	LINDA M MORIN	3775.14
D371322	PHILLIP H PHAM	2955.35	D371323	JOHN E REYNOLDS	4304.70
D371324	ASHLEY C ROJAS	1713.45	D371325	REYNA ROSALES	1850.94
D371326	ROBERT M STEPHENSON III	4759.73	D371327	MICHAEL J VISCOMI	5273.52
D371328	GIOVANNI ACOSTA	2628.30	D371329	PEDRO R ARELLANO	4599.28
D371330	TIMOTHY R ASHBAUGH	2634.58	D371331	ALFREDO R AVALOS	4462.46
D371332	BEAU A BERENGER	3107.94	D371333	RENZO CHUMBE	2211.17
D371334	DARRYL B CORTEZ JR	7123.84	D371335	GARY L COULTER	3051.33
D371336	CHARLIE DANIELEY III	1363.16	D371337	ISAAC DAVILA	2141.71
D371338	RONALD A DOSCHER	1126.86	D371339	BROC D DUDLEY	2454.50
D371340	STEPHEN C ESTLOW	1046.80	D371341	JESUS FAJARDO	2192.57
D371342	HECTOR FERREIRA JR	2951.08	D371343	KARI A FLOOD	2985.80
D371344	ROBERT D FRESENIUS	1930.72	D371345	JASON S FULTON	2329.58
D371346	JOSEPH P GROSS JR	3860.33	D371347	TRAVIS J HADDEN	2515.32
D371348	JOSE D HERRERA	3333.26	D371349	JASON A HOWARD	3046.71
D371350	KIRK P HURLEY	2213.38	D371351	DONALD J HUTCHINS	3261.03
D371352	NICKOLAS K JENSEN	2869.98	D371353	VICTORIA A JORDAN	1495.91
D371354	CHAD B KIM	2336.45	D371355	TIMOTHY P KOVACS	11066.01
D371356	MICHAEL J LANG	2654.39	D371357	ANGELA LEDESMA	2095.67
D371358	RAPHAEL M LEE	1877.85	D371359	MARK A LORD	3717.07

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D371360	RYAN M LUX	4775.06	D371361	JORGE L MAZON	3311.03
D371362	MICHAEL A MOSER	2970.09	D371363	MITCHEL S MOSSER	2969.06
D371364	JASON S PERKINS	3849.11	D371365	COREY T POLOPEK	2587.15
D371366	SINDY RAMIREZ OROZCO	2798.53	D371367	JOHN E RANEY	3336.32
D371368	THOMAS S REED	3551.40	D371369	AARON T SHIPLEY	2251.43
D371370	SHAYLEN L SIMONS	2201.95	D371371	CHARLES W STARNES	2472.58
D371372	EDGAR VALENCIA	3411.59	D371373	ROYCE C WIMMER	4220.53
D371374	SARAH A WRIGHT	2377.19	D371375	COLE A YNIGUEZ	2350.48
D371376	MARCOS R ALAMILLO	4365.97	D371377	BOBBY B ANDERSON	2988.44
D371378	FRANCISCO AVALOS JR	2282.20	D371379	JOHN F BANKSON	3347.29
D371380	JOSHUA K BEHZAD	2612.91	D371381	EVAN S BERESFORD	2688.89
D371382	TROY F BOWMAN	2214.94	D371383	JEFFREY A BROWN	3991.54
D371384	RYAN V BUSTILLOS	8315.65	D371385	JUAN C CENTENO	4517.53
D371386	JEROME L CHEATHAM	2940.69	D371387	HAN J CHO	3694.38
D371388	BRIAN M CLASBY JR	3006.00	D371389	JULIO C CORTEZ	2891.01
D371390	JUAN L DELGADO JR	3563.51	D371391	KEVIN DINH	2915.39
D371392	TAYLOR M DUARTE	2164.83	D371393	OTTO J ESCALANTE	4873.60
D371394	JOSHUA N ESCOBEDO	4882.32	D371395	MICHELLE N ESTRADA MONSA	2413.64
D371396	GEORGE R FIGUEREDO	1558.63	D371397	SEAN M GLEASON	4667.76
D371398	GONZALO GONZALEZ JR	2341.05	D371399	KYLE N HALEY	2363.53
D371400	EFRAIN A JIMENEZ JR	3318.70	D371401	CODY M JOHNSON	2282.32
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D371404	PETER M KUNKEL	3387.17	D371405	ERICK LEYVA	4166.33
D371406	RAFAEL LOERA JR	2771.22	D371407	JESSE A LUCATERO	2638.00
D371408	ROBERTO MACHUCA	2238.83	D371409	TAYLOR A MACY	17213.83
D371410	GIANLUCA F MANTACI	2972.90	D371411	BRYAN J MEERS	5653.31
D371412	NATHAN D MORTON	5955.17	D371413	PATRICK W MURPHY	2769.39
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D371420	LUIS A QUIROZ	1807.15	D371421	LUIS F RAMIREZ	3300.37
D371422	DANIEL RODRIGUEZ	18295.39	D371423	SEAN M SALAZAR	2869.41
D371424	ALFREDO SALGADO JR.	2164.83	D371425	CHRISTOPHER M SHELIGREN	2610.40
D371426	LEVI JOENIEL SILVA	2015.23	D371427	PAUL W ASHBY	4027.96
D371428	THOMAS A CAPPS	4412.84	D371429	MICHAEL K ELHAMI	4820.31
D371430	SHELBY KEUILIAN	1831.21	D371431	DANNY J MIHALIK	5709.54
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D371434	RON A REYES	5510.94	D371435	DANIELLE E RIEDL	2517.44
D371436	ROCKY F RUBALCABA	4951.13	D371437	LINO G SANTANA	7387.82
D371438	DUO XU	1387.36	D371439	JOHN J YERGLER	3408.96
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D371448	AARON J COOPMAN	4014.74	D371449	MICHAEL E GERDIN	3820.27
D371450	TROY HALLER	4672.71	D371451	JASON L JOHNSON	3935.48
D371452	RAUL MURILLO JR	4425.26	D371453	ERIC T RUZIECKI	5774.77
D371454	RENE BARRAZA	3596.20	D371455	PATRICK R JULIENNE	2535.48

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D371456	DEREK M LINK	5754.78	D371457	ADAM D ZMIJA	3799.67
D371458	LISA A BELTHIUS	348.26	D371459	RANDY G CHUNG	486.20
D371460	COURTNEY P CIBOSKY	2867.79	D371461	ADAM B COUGHRAN	252.88
D371462	JOHN DANG	1349.92	D371463	CHRISTOPHER C DOVEAS	30.81
D371464	DANIEL S EDWARDS	774.23	D371465	EDUARDO C LEIVA	4619.71
D371466	JOHN O OJEISEKHOBA	139.30	D371467	CARL J WHITNEY	4903.73
D371468	ANDREW N BUI	306.50	D371469	TANNER C DE PADUA	275.10
D371470	JOSEPH A GARCIA	527.86	D371471	SERGIO J JIMENEZ TAVAREZ	397.66
D371472	RUDY A ROCHA	478.74	D371473	KENTON TRAN	419.67
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D371478	PAUL E DANIELSON	729.79	D371479	KORY C FERRIN	3917.99
D371480	JAMES D FISCHER	1252.58	D371481	VICTORIA M FOSTER	1731.03
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D371484	THOMAS R NADOLSKI	1795.88	D371485	JACOB J NEELY	1724.88
D371486	JOSEPH N PANELLIA	1724.88	D371487	DOUGLAS A PLUARD	3729.34
D371488	RICHARD A ALVAREZ BROWN	3018.21	D371489	RICHARD O BURILLO	4644.18
D371490	FLOR DE LIS ELIZONDO	1268.67	D371491	PATRICIA C FLINN	2632.31
D371492	BAO TINH THI LE	1131.61	D371493	RAQUEL D MATA	1706.08
D371494	REBECCA S MEES	3712.82	D371495	JONATHAN B WAINWRIGHT	3268.14
D371496	DAVID C YOUNG	3581.02	D371497	MARIA A ALCARAZ	1443.59
D371498	MADELINE M ALVARADO	1495.57	D371499	MARIA S ATWOOD	1832.90
D371500	RYAN S BERLETH	2454.94	D371501	BRITTANEE N BRANTNER	1699.19
D371502	CARISSA L BRUNICK	1960.19	D371503	TAMMY L CHAURAN HAIRGROV	1397.67
D371504	JACINTA F CHOWDHURY	1812.69	D371505	KRISTINA L CORNETT	1537.40
D371506	RUSSELL B DRISCOLL	1771.75	D371507	VERONICA FRUTOS	1344.65
D371508	DAVID L GEORGE	2792.55	D371509	PINKY C HINGCO	2306.34
D371510	LINDALINH THU LY	1435.02	D371511	MARIA C MCFARLANE	1968.94
D371512	DAWN M MONTOVA	1847.54	D371513	TRINA T NGUYEN	2121.00
D371514	MANUEL A QUIRALTE AGUAYO	1552.86	D371515	JENNIFER V ROMBOUGH	1947.48
D371516	KIMBRA S VELLANOWETH	1892.25	D371517	CHRISTAL L WEYKER	1578.92
D371518	SHANNON M YELENSKY	1713.96	D371519	SANDRA M ARROYO	1919.27
D371520	SHYLER R.D. CHAPPELL	1938.87	D371521	JENNIFER A DIX	2827.17
D371522	KATHERINE M FRANCISCO	1682.15	D371523	AMANDA B GARNER	2297.05
D371524	ARCHIE GUZMAN	2895.85	D371525	LAUREN M LADD	2114.70
D371526	ROBERT D LUX	2353.66	D371527	MELISSA MENDOZA CAMPOS	2426.61
D371528	BRANDY J PARK	3294.10	D371529	CRISTINA V PAYAN	2178.87
D371530	JENNIFER M RODRIGUEZ	2435.73	D371531	TANYA L SAMOFF	3120.44
D371532	SUSAN A I SEYMOUR	2884.70	D371533	NICOLE D SHORROW	3832.72
D371534	DANNY J SOSEBEE	1859.80	D371535	MARSHA D SPELLMAN	2468.09
D371536	SPENCER T TRAN	2288.67	D371537	SANTA WARDLE	1227.38
D371538	CHERYL L WHITNEY	2477.71	D371539	DANIEL A CAMARA	2560.22
D371540	RICHARD E DESBIENS	2614.15	D371541	JAMES D FRANKS	3310.25
D371542	PETE GARCIA	3181.68	D371543	ROBERT J GIFFORD	2914.99
D371544	STEVEN H HEINE	1849.44	D371545	WILLIAM T HOLLOWAY	3570.18
D371546	GERALD F JORDAN	2857.59	D371547	JOSEPH L KOLANO	2300.40
D371548	LEA K KOVACS	2740.40	D371549	DAVID LOPEZ	3492.85
D371550	STEVEN W LUKAS	1940.87	D371551	MARIO MARTINEZ JR	4195.43

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D371552	ADAM C NIKOLIC	5330.91	D371553	LUIS A PAVAN	2699.07
D371554	TERRA M RAMIREZ	2324.37	D371555	CHRISTIN E ROGERS	2919.09
D371556	BRIAN T STROUD	2865.94	D371557	PAUL M TESSIER	3318.87
D371558	TUONG-VAN NGUYEN VU	1840.44	D371559	DENNIS WARDLE	3324.50
D371560	SUMMER A BOGUE	1997.34	D371561	ERIC A QUINTERO	284.37
D371562	JANNA K BRADLEY	2687.74	D371563	MARY C CERDA	2244.49
D371564	BRANDI M HART	663.00	D371565	LIANE Y KWAN	3318.84
D371566	JANY H LEE	4692.88	D371567	SHERRILL A MEAD	2318.73
D371568	STEPHANIE E RICHARDS	1897.12	D371569	CAITLYN M STEPHENSON	1953.12
D371570	LAURA J STOVER	5331.33	D371571	ANNA L GOLD	1929.49
D371572	KATRENA J SCHULZE	520.81	D371573	MATTHEW T SWANSON	1708.80
D371574	ANTHONY VALENZUELA	1514.80	D371575	CANDY G WILDER	1951.02
D371576	STEVEN F ANDREWS	2361.50	D371577	TERENCE S CHANG	6778.67
D371578	VERNA L ESPINOZA	1975.84	D371579	CESAR GALLO	2739.56
D371580	ERNIE E HINGCO	2701.25	D371581	GEOFFREY A KLOESS	3500.17
D371582	RACHOT MORAGRAAN	3632.42	D371583	NOEL J PROFFITT	3255.91
D371584	ANAND V RAO	4740.18	D371585	ROD T VICTORIA	2322.58
D371586	TERREL KEITH WINSTON	3518.88	D371587	O.C.E.A. GENERAL	2363.20
D371588	O.C.E.A.	1101.61	D371589	POLICE ASSN	15967.80
D371590	SOCAL CREDIT UNION	43717.00	D371591	SOUTHLAND CREDIT UNION	4251.94
W2738	GREAT WEST LIFE 457 #340	101056.51	W2739	GREAT WEST LIFE OBRA#340	2120.11
W2740	INTERNAL REVENUE SERVICE	304771.72	W2741	EMPLOYMENT DEVELOPMENT D	96246.60

**** PAGE TOTAL = 668760.52

TOTAL CHECK PAYMENTS	15
TOTAL DIRECT DEPOSITS	601
TOTAL WIRE PAYMENTS	4
GRAND TOTAL PAYMENTS	620

35,298.44
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504,194.94
.....
2,059,209.70

Checks #184255 thru #184269, and Direct Deposits #D370991 thru #D371591, and wire #W2738 thru #W2741 presented in the Payroll Register submitted to the Garden Grove City Council 27 OCT 2020, have been audited for accuracy and funds are available for payment thereof.


PATRICIA SONG - FINANCE DIRECTOR

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Introduction and first reading of an Ordinance approving Amendment No. A-029-2020	Date:	10/13/2020

OBJECTIVE

To transmit a recommendation from the Planning Commission to the City Council to approve Amendment No. A-029-2020, to amend the City's official Zoning Map to change the zoning of the subject property, located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21), from O-P (Office Professional) to C-1 (Neighborhood Commercial).

BACKGROUND

The subject site is improved with an existing multi-tenant center, located on the south side of Katella Avenue, west of Magnolia Street. The center is comprised of eight (8) tenant spaces of approximately 12,080 square feet of commercial/office space. The center includes a "barber/beauty shop" use and five (5) general office uses. Two (2) of the eight (8) suites are vacant.

The subject property is zoned O-P (Office Professional) with a General Plan Land Use Designation of Light Commercial. The property is adjacent to C-1 (Neighborhood Commercial) zoned properties to the east developed with commercial retail uses, PUD-109-96 (Residential Planned Unit Development) zoned properties to the south developed with small-lot subdivision single-family dwellings, and an O-P (Office Professional) zoned property to the west developed with a residential care facility. Across Magnolia Street, to the east, is a C-1 zoned property developed with a multi-tenant commercial retail shopping center. An additional multi-tenant commercial retail shopping center is located at the northeast corner of Katella Avenue and Magnolia Street, located within unincorporated land of the County of Orange. Across Katella Avenue, to the north of the subject property, are multiple properties located within the jurisdictional boundaries of the City of Stanton and unincorporated land of the County of Orange developed with commercial retail uses, an apartment complex, and a gas station.

Pursuant to a request filed by the previous property owner, in 1998, the City of

Garden Grove approved Amendment No. A-190-98, which rezoned the subject property from C-1 (Neighborhood Commercial) to O-P (Office Professional), and also approved Amendment No. A-191-98, which amended Title 9 of the Municipal Code to allow "ambulance service" uses in the O-P zone, subject to approval of a Conditional Use Permit. Concurrently, the City also approved Conditional Use Permit No. CUP-427-98 to allow the operation of an ambulance service business on the subject property. According to business license records, the ambulance service business closed its operation in 2004.

On August 20, 2020, the Planning Commission held a public hearing to consider Amendment No. A-029-2020. There were no speakers from the public who came forward to speak in favor of or in opposition to the project. Staff received one (1) public comment letter citing concerns with the requested zone change that the exact commercial uses are not stated in the proposal; that there are existing commercial businesses in the area that already generate negative impacts such as homeless loitering, and traffic and noise issues; and that while current businesses may be good operators, in the future they may close and be replaced by bad operators. By a vote of 5-0 (with 1 commissioner absent), the Planning Commission adopted Resolution No. 5998-20, recommending that the City Council approve Amendment No. A-029-2020.

DISCUSSION

Project Summary:

Based on the applicant's application filing, the property owner has had difficulty filling vacancies in the center, and is seeking City approval to rezone the property from O-P (Office Professional) back to the original zoning of the property of C-1 (Neighborhood Commercial). The property owner is seeking greater tenant flexibility through expanded uses allowed through the C-1 zoning designation.

The proposed C-1 zoning designation is consistent with the subject property's existing General Plan Land Use Designation of Light Commercial, which is intended to allow a range of commercial activities that serve local residential neighborhoods and the larger community. The Light Commercial designation is intended to accommodate a variety of retail services such as markets, drug stores, retail shops, financial institutions, service establishments, and restaurants. The City's General Plan calls for commercial uses in the Light Commercial designation to be compatible with the surrounding area and nearby residential uses.

The C-1 (Neighborhood Commercial) zoning designation is intended to provide for business at the neighborhood level in small scale convenience shopping facilities. The shopping facilities are encouraged to be integrated into the surrounding area to maintain the image of the neighborhood and to ensure operational compatibility. Commercial zones that are directly adjacent to and/or abutting sensitive uses such as single-family residential homes, are typically zoned C-1, which is the least intensive commercial zoning designation in the City. The City also includes C-2 (Community Commercial) and C-3 (Heavy Commercial) zoning designations which allow more intensive uses such as, but not limited to, auto repair (with paint and body work), pool halls, bars, smoking lounges, automatic car washes, car sales lots.

The proposed C-1 zoning designation is consistent with the existing zoning patterns in the surrounding area, which includes other C-1 zoned properties, and various multi-tenant commercial retail shopping centers.

Parking and Trip Generation:

The O-P (Office Professional) zone is intended to provide for business and professional offices, services and associated business and retail activities, in an attractive environment compatible with residential areas. Office Professional zoned properties in the City typically accommodate and include general and professional office type businesses, with minimal retail/commercial type uses that are supportive of the office uses. It should be noted, with the exception of "ambulance service" businesses, all uses that are allowed in the O-P zone are also allowed in the C-1 zone. The C-1 zone allows substantially more types of retail/commercial type uses, which would create more tenant flexibility for the property owner to retain current, and secure future, tenants.

It should also be noted, when the property was originally approved by the City in 1985, the site was zoned C-1 (Neighborhood Commercial) and the development was designed with sufficient parking to accommodate commercial retail uses. The parking requirement for standard retail uses is one (1) parking space per 200 square feet of gross floor area. The existing building has a gross floor area of 12,080 square feet. Applying the parking ratio for standard retail uses, the site was originally required to provide a minimum of 61 parking spaces. The site provides a total of 64 parking spaces on-site, for a surplus of three (3) parking spaces. While the mix of uses has changed over the years, including after the property was rezoned from C-1 (Neighborhood Commercial) to O-P (Office Professional) in 1998, the existing building and number of parking spaces have remained the same.

RK Engineering Group, Inc., a professional consulting firm, who specializes in traffic engineering services, prepared a trip generation memorandum to evaluate potential impacts of changes in trip generation from the site, as a result of rezoning the property from O-P (Office Professional) to C-1 (Neighborhood Commercial). Trip generation represents the expected number of vehicle trips originating in, or destined for, a particular traffic analysis zone. The analysis of the memo focused on potential impacts and changes from any increase in the site's trip generation during AM and PM peak hours. RK Engineering concluded in their analysis that under the proposed C-1 (Neighborhood Commercial) zoning, the expected trip generation forecasts to result in a minimal increase in trips with no significant traffic impact on the surrounding traffic circulation system. A copy of the trip generation memo has been attached to this staff report for reference. Staff, along with the City's Traffic Engineer, have reviewed the trip generation memo and concur with the findings.

Today, of the eight (8) tenant spaces available in the center, six (6) tenant spaces are currently occupied, comprising of five (5) general offices and one (1) barber/beauty shop. Two (2) of the eight tenant spaces are vacant. For purposes of calculating the required parking for the center under full occupancy, the parking discussions in the attached memo assumes the two (2) vacant tenant spaces to be occupied by a fast-

food restaurant (with limited seating and no drive-thru) and a typical retail store – both of which are standard retail uses that require one (1) parking space per 200 square feet of gross floor area. Under full occupancy conditions, in this scenario, the parking calculations result in a total of 57 parking spaces required (minimum) for the site. The site provides a total of 64 parking spaces on-site, for a surplus of seven (7) parking spaces.

As new uses (business types) are proposed in the future, parking adequacy and potential traffic impacts will continuously be re-evaluated by City Staff, at the time of a respective request, to: (i) ensure there is sufficient parking available to accommodate the mix of the uses in the center; and (ii) ensure any required traffic analysis is conducted that may require a traffic study, traffic mitigation, and/or applicable traffic mitigation fees.

FINANCIAL IMPACT

None.

RECOMMENDATION

It is recommended that the City Council:

- Conduct a Public Hearing;
- Determine that the Ordinance is categorically exempt from the California Environmental Quality Act pursuant to Title 14, California Code of Regulations, Article 19, Section 15301, Existing Facilities; and,
- Introduce and conduct the first reading of an Ordinance approving Amendment No. A-029-2020 to amend the City's official Zoning Map to change the zoning of the subject property, located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21), from O-P (Office Professional) to C-1 (Neighborhood Commercial).

ATTACHMENTS:

Description	Upload Date	Type	File Name
Planning Commission Staff Report dated August 20, 2020	9/17/2020	Backup Material	Planning_Commission_Staff_Report_dated_August_20__2020.pdf
RK Engineering Trip Generation Memo	9/17/2020	Backup Material	RK_Engineering_Trip_Generation_Memo.pdf
Exhibit for Amendment to City of Garden Grove Zoning Map	9/17/2020	Backup Material	Exhibit_for_Amendment_to_City_of_Garden_Grove_Zoning_Map.pdf
Planning			

Commission Resolution No. 5998-20	9/17/2020	Backup Material	Planning_Commission_Resolution_No._5998-20.pdf
Planning Commission Minute Excerpt of August 20, 2020	9/17/2020	Backup Material	Planning_Commission_Minute_Excerpt_of_August_20__2020.pdf
Draft City Council Ordinance for Amendment No. A-029-2020	9/17/2020	Ordinance	Draft_City_Council_Ordinance_for_Amendment_No._A-029-2020.pdf
Public Comment Letter dated August 18, 2020	9/17/2020	Backup Material	Public_Comment_Letter_dated_August_18__2020.pdf

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT PLANNING STAFF REPORT

AGENDA ITEM NO.: C.3.	SITE LOCATION: South side of Katella Avenue, west of Magnolia Street, at 8932 Katella Avenue
HEARING DATE: August 20, 2020	GENERAL PLAN: Light Commercial
CASE NO.: Amendment No. A-029-2020	EXISTING ZONE: O-P (Office Professional) PROPOSED ZONE: C-1 (Neighborhood Commercial)
APPLICANT: David N. Alagband	CEQA DETERMINATION: Exempt
PROPERTY OWNER: Gilles Sensenbrenner	APN: 132-041-21

REQUEST:

A request to rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial).

BACKGROUND:

The subject site is improved with an existing multi-tenant center, located on the south side of Katella Avenue, west of Magnolia Street. The center is comprised of eight (8) tenant spaces of approximately 12,080 square feet of commercial/office space. The center includes a "barber/beauty shop" use and five (5) general office uses. Two (2) of the eight (8) suites are vacant.

The subject property is zoned O-P (Office Professional) with a General Plan Land Use Designation of Light Commercial. The property is adjacent to C-1 (Neighborhood Commercial) zoned properties to the east developed with commercial retail uses, PUD-109-96 (Residential Planned Unit Development) zoned properties to the south developed with small-lot subdivision single-family dwellings, and an O-P (Office Professional) zoned property to the west developed with a residential care facility. Across Magnolia Street, to the east, is a C-1 zoned property developed with a multi-tenant commercial retail shopping center. An additional multi-tenant commercial retail shopping center is located at the northeast corner of Katella Avenue and Magnolia Street, located within unincorporated land of the County of Orange. Across Katella Avenue, to the north of the subject property, are multiple properties located within the jurisdictional boundaries of the City of Stanton and unincorporated land of the County of Orange developed with commercial retail uses, an apartment complex, and a gas station.

Pursuant to a request filed by the previous property owner, in 1998, the City of Garden Grove approved Amendment No. A-190-98, which rezoned the subject property from C-1 (Neighborhood Commercial) to O-P (Office Professional), and also approved Amendment No. A-191-98, which amended Title 9 of the Municipal Code to allow "ambulance service" uses in the O-P zone, subject to approval of a Conditional Use Permit. Concurrently, the City also approved Conditional Use Permit No. CUP-427-98 to allow the operation of an ambulance service business on the subject property. According to business license records, the ambulance service business closed its operation in 2004.

DISCUSSION:

Based on the applicant's application filing, the property owner has had difficulty filling vacancies in the center, and is seeking City approval to rezone the property from O-P (Office Professional) back to the original zoning of the property of C-1 (Neighborhood Commercial). The property owner is seeking greater tenant flexibility through expanded uses allowed through the C-1 zoning designation.

The proposed C-1 zoning designation is consistent with the subject property's existing General Plan Land Use Designation of Light Commercial, which is intended to allow a range of commercial activities that serve local residential neighborhoods and the larger community. The Light Commercial designation is intended to accommodate a variety of retail services such as markets, drug stores, retail shops, financial institutions, service establishments, and restaurants. The City's General Plan calls for commercial uses in the Light Commercial designation to be compatible with the surrounding area and nearby residential uses.

The C-1 (Neighborhood Commercial) zoning designation is intended to provide for business at the neighborhood level in small scale convenience shopping facilities. The shopping facilities are encouraged to be integrated into the surrounding area to maintain the image of the neighborhood and to ensure operational compatibility. Commercial zones that are directly adjacent to and/or abutting sensitive uses such as single-family residential homes, are typically zoned C-1, which is the least intensive commercial zoning designation in the City. The City also includes C-2 (Community Commercial) and C-3 (Heavy Commercial) zoning designations which allow more intensive uses such as, but not limited to, auto repair (with paint and body work), pool halls, bars, smoking lounges, automatic car washes, car sales lots.

The proposed C-1 zoning designation is consistent with the existing zoning patterns in the surrounding area, which includes other C-1 zoned properties, and various multi-tenant commercial retail shopping centers.

Parking and Trip Generation:

The O-P (Office Professional) zone is intended to provide for business and professional offices, services and associated business and retail activities, in an attractive environment compatible with residential areas. Office Professional zoned

properties in the City typically accommodate and include general and professional office type businesses, with minimal retail/commercial type uses that are supportive of the office uses. It should be noted, with the exception of "ambulance service" businesses, all uses that are allowed in the O-P zone are also allowed in the C-1 zone. The C-1 zone allows substantially more types of retail/commercial type uses, which would create more tenant flexibility for the property owner to retain current, and secure future, tenants.

It should also be noted, when the property was originally approved by the City in 1985, the site was zoned C-1 (Neighborhood Commercial) and the development was designed with sufficient parking to accommodate commercial retail uses. The parking requirement for standard retail uses is one (1) parking space per 200 square feet of gross floor area. The existing building has a gross floor area of 12,080 square feet. Applying the parking ratio for standard retail uses, the site was originally required to provide a minimum of 61 parking spaces. The site provides a total of 64 parking spaces on-site, for a surplus of three (3) parking spaces. While the mix of uses has changed over the years, including after the property was rezoned from C-1 (Neighborhood Commercial) to O-P (Office Professional) in 1998, the existing building and number of parking spaces have remained the same.

RK Engineering Group, Inc., a professional consulting firm, who specializes in traffic engineering services, prepared a trip generation memorandum to evaluate potential impacts of changes in trip generation from the site, as a result of rezoning the property from O-P (Office Professional) to C-1 (Neighborhood Commercial). Trip generation represents the expected number of vehicle trips originating in, or destined for, a particular traffic analysis zone. The analysis of the memo focused on potential impacts and changes from any increase in the site's trip generation during AM and PM peak hours. RK Engineering concluded in their analysis that under the proposed C-1 (Neighborhood Commercial) zoning, the expected trip generation forecasts to result in a minimal increase in trips with no significant traffic impact on the surrounding traffic circulation system. A copy of the trip generation memo has been attached to this staff report for reference. Staff, along with the City's Traffic Engineer, have reviewed the trip generation memo and concur with the findings.

Today, of the eight (8) tenant spaces available in the center, six (6) tenant spaces are currently occupied, comprising of five (5) general offices and one (1) barber/beauty shop. Two (2) of the eight tenant spaces are vacant. For purposes of calculating the required parking for the center under full occupancy, the parking discussions in the attached memo assumes the two (2) vacant tenant spaces to be occupied by a fast-food restaurant (with limited seating and no drive-thru) and a typical retail store – both of which are standard retail uses that require one (1) parking space per 200 square feet of gross floor area. Under full occupancy conditions, in this scenario, the parking calculations result in a total of 57 parking spaces required (minimum) for the site. The site provides a total of 64 parking spaces on-site, for a surplus of seven (7) parking spaces.

CASE NO. A-029-2020

As new uses (business types) are proposed in the future, parking adequacy and potential traffic impacts will continuously be re-evaluated by City Staff, at the time of a respective request, to: (i) ensure there is sufficient parking available to accommodate the mix of the uses in the center; and (ii) ensure any required traffic analysis is conducted that may require a traffic study, traffic mitigation, and/or applicable traffic mitigation fees.

RECOMMENDATION:

Staff recommends that the Planning Commission hold a public hearing and take the following action:

1. Adopt Resolution No. 5998-20 recommending that the Garden Grove City Council adopt an ordinance approving Amendment No. A-029-2020 to rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial).

Lee Marino
Planning Services Manager

By: Chris Chung
Urban Planner

Attachment 1: RK Engineering Trip Generation Memo
Attachment 2: Exhibit for Amendment to City of Garden Grove Zoning Map

ATTACHMENT 2

May 5, 2020

Mr. Gilles Sensenbrenner
C/O Mr. David N. Alagband
DNA REALTY GROUP
4701 Von Karman Avenue, Suite 100
Newport Beach, CA 92660

Subject: 8932 Katella Avenue Trip Generation Memorandum, City of Garden Grove

Dear Mr. Alagband:

Introduction

RK ENGINEERING GROUP, INC. (RK) is pleased to provide this trip generation memorandum for the 8932 Katella Avenue Mixed-Use Project in the City of Garden Grove.

The project site currently is zoned Office Professional (OP) and contains approximately 12,080 square feet of barber/beauty shop and general office uses. The site currently contains a total of 64 parking spaces. The site currently contains a total of eight suites. Two of the eight suites are currently vacant.

Representatives of the project would like to change the zoning designation from OP to Neighborhood Commercial Zone (C-1).

RK has prepared an analysis and evaluation to determine the potential change in trip generation for the site assuming change of zoning from OP to C-1. Based on discussions with and direction from City staff, the analysis evaluates the net change in the site's overall trip generation between the following two conditions:

- Existing site and uses (including two currently vacant suites) under current zoning; and

- Existing site and uses with the vacant suites being occupied by a probable and likely use that could occupy the site under the proposed zoning.

Exhibit A shows the site location. Exhibit B shows the site plan.

Permitted Uses

Table 1 shows the uses permitted under both OP and C-1 zoning per the City of Garden Grove Municipal Code Section 9.16.020.030.

Existing Uses and OP Zoning

As previously noted, the site currently contains a total of eight suites with a total square footage of 12,080 square feet. Two of the eight suites are currently vacant.

Table 2 shows the existing land uses and suites for the project site.

Table 3 shows the Institute of Transportation Engineers (ITE) trip generation rates for each suite for existing conditions under OP zoning.

Utilizing the trip generation rates shown in Table 3, Table 4 shows the trip generation of the existing site under existing OP zoning.

As shown in Table 4, based on ITE trip generation rates, the existing site generates approximately 102 daily trips which include approximately 11 AM peak hour trips and approximately 12 PM peak hour trips.

Table 5 shows the required parking per the City's Municipal Code for the existing uses under OP zoning.

As shown in Table 5, per the City's Municipal Code, the existing site under OP zoning requires a total of 42 parking spaces. Since the site contains a total of 64 parking spaces, more than adequate parking is provided to accommodate the existing uses under OP zoning.

Proposed Uses and C-1 Zoning

As previously noted, the site currently contains a total of eight suites with a total square footage of 12,080 square feet. Two of the eight suites are currently vacant.

Table 6 shows the existing land uses occupying the site along with the land uses which are likely to occupy the two vacant suites under the proposed C-1 zoning.

As shown in in Table 6, under the proposed C-1 zoning, the two vacant suites can be expected and likely to be occupied by a fast-food type land use and retail.

Table 7 shows the Institute of Transportation Engineers (ITE) trip generation rates for each suite for the site, including the potential fast food and retail use for the two vacant suites under C-1 zoning.

Utilizing the trip generation rates shown in Table 7, Table 8 shows the trip generation of the site under the proposed C-1 zoning assuming full occupancy of the site and the vacant suites.

As shown in Table 8, under full occupancy conditions and proposed C-1 zoning, the site can be expected to generate approximately 501 daily trips which include approximately 38 AM peak hour trips and approximately 45 PM peak hour trips.

Table 9 shows the required parking per the City's Municipal Code, under full occupancy conditions and proposed C-1 zoning.

As shown in Table 9, per the City's Municipal Code, under full occupancy conditions and proposed C-1 zoning, the site requires a total of 57 parking spaces. Since the site contains a total of 64 parking spaces, more than adequate parking is provided to accommodate the uses under full occupancy conditions and proposed C-1 zoning.

Trip Generation Comparison Under OP & C-1 Zoning

Table 10 shows a comparison of the net trip generation difference between the existing site under OP zoning and the proposed C-1 zoning.

As shown in Table 10, when compared to the existing land uses under OP zoning, the expected land uses under the proposed C-1 zoning are forecast to result in a net increase of the site's trip generation by approximately 399 daily which include approximately 27 AM peak hour trips and approximately 33 PM peak hour trips.

Based on industry standards, typically, a full traffic analysis is required when a proposed project generates 50 or more net peak hour trips since projects generating less than 50 peak hour trips can be considered to not result in significant traffic impacts.

Hence, since the expected land uses for the project site under the proposed C-1 zoning are forecast to result in nominal increase in trips, the proposed zone change is forecast to not result in a significant traffic impact on the surrounding circulation system. It should be noted, once the project trips are distributed and disbursed throughout the roadway network and circulation system, the project's trip contribution to any major intersection is expected to be even less.

Vehicle Miles Traveled (VMT) Analysis

Effective July 1, 2020, the longstanding metric of roadway level of service (LOS), which is typically measured in terms of auto delay or volume-to-capacity, will no longer be considered a significant impact under the California Environmental Quality Act (CEQA).

Pursuant to the 2020 CEQA Guidelines, Section 15064.3, *"Generally, vehicle miles traveled is the most appropriate measure of transportation impacts. Other relevant considerations may include the effects of the project on transit and non-motorized travel."*

For land use projects, the CEQA guidelines provides the following criteria for analyzing Transportation Impacts and VMT:

- Vehicle miles traveled exceeding an applicable threshold of significance may indicate a significant impact.
- Generally, projects within one-half mile of either an existing major transit stop or a stop along an existing high quality transit corridor should be presumed to cause a less than significant transportation impact.

- Projects that decrease vehicle miles traveled in the project area compared to existing conditions should be presumed to have a less than significant transportation impact.

The Office of Planning & Research (OPR) has provided guidance regarding the recommended threshold for conducting VMT analysis for retail projects. OPR has noted that because local-serving retail development tends to shorten trips and reduce VMT (which is the desired intent of VMT standards under CEQA), local agencies generally may presume such development creates a less-than-significant transportation impact.

OPR also noted that regional-serving retail development, on the other hand, may tend to have a significant impact by leading to the substitution of longer trips for shorter ones.

OPR notes that generally “retail development including stores larger than 50,000 square feet might be considered regional serving” for which lead agencies should undertake a VMT analysis.

As the site, to which the subject zoning change relates, is a total of 12,080 square feet in size and does not reach anywhere close to 50,000 square feet, the site which is a local-serving retail development is deemed “screened out” and does not require a full-blown VMT analysis.

Conclusions

When compared to the existing uses under OP zoning, the expected land uses under the proposed C-1 zoning are forecast to result in a net increase of the site's trip generation by approximately 399 daily which include approximately 27 AM peak hour trips and approximately 33 PM peak hour trips.

Per the City's Municipal Code, the existing site under OP zoning requires a total of 42 parking spaces. Since the site contains a total of 64 parking spaces, more than adequate parking is provided to accommodate the existing uses under OP zoning.

Per the City's Municipal Code, under full occupancy conditions and proposed C-1 zoning, the site requires a total of 57 parking spaces. Since the site contains a total of 64 parking spaces, more than adequate parking is provided to accommodate the uses under full occupancy conditions and proposed C-1 zoning.

Based on industry standards, typically, a full traffic analysis is required when a proposed project generates 50 or more net peak hour trips since projects generating less than 50 peak hour trips can be considered to not result in significant traffic impacts.

Hence, since the expected land uses for the project site under the proposed C-1 zoning are forecast to result in nominal increase in trips, the proposed zone change is forecast to not result in a significant traffic impact on the surrounding circulation system. It should be noted, once the project trips are distributed and disbursed throughout the roadway network and circulation system, the project's trip contribution to any major intersection is expected to be even less.

VMT Analysis

Effective July 1, 2020, the longstanding metric of roadway level of service (LOS), which is typically measured in terms of auto delay or volume-to-capacity, will no longer be considered a significant impact under the California Environmental Quality Act (CEQA).

The Office of Planning & Research (OPR) has provided guidance regarding the recommended threshold for conducting VMT analysis for retail projects. OPR has noted that because local-serving retail development tends to shorten trips and reduce VMT

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OPR notes that generally "retail development including stores larger than 50,000 square feet might be considered regional serving" for which lead agencies should undertake a VMT analysis.

As the site, to which the subject zoning change relates, is a total of 12,080 square feet in size and does not reach anywhere close to 50,000 square feet, the site which is a local-serving retail development is deemed "screened out" and does not require a full-blown VMT analysis.

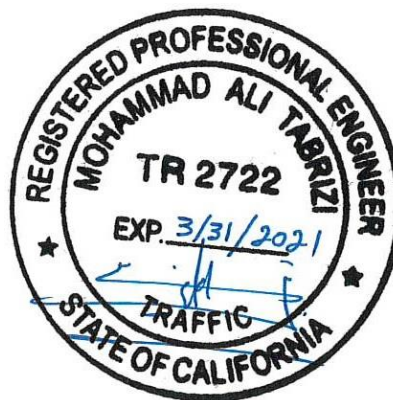
If you have any questions regarding this study, please call us at (949) 474-0809.

Sincerely,

RK ENGINEERING GROUP, INC.



Alex Tabrizi, PE, TE
Associate Principal

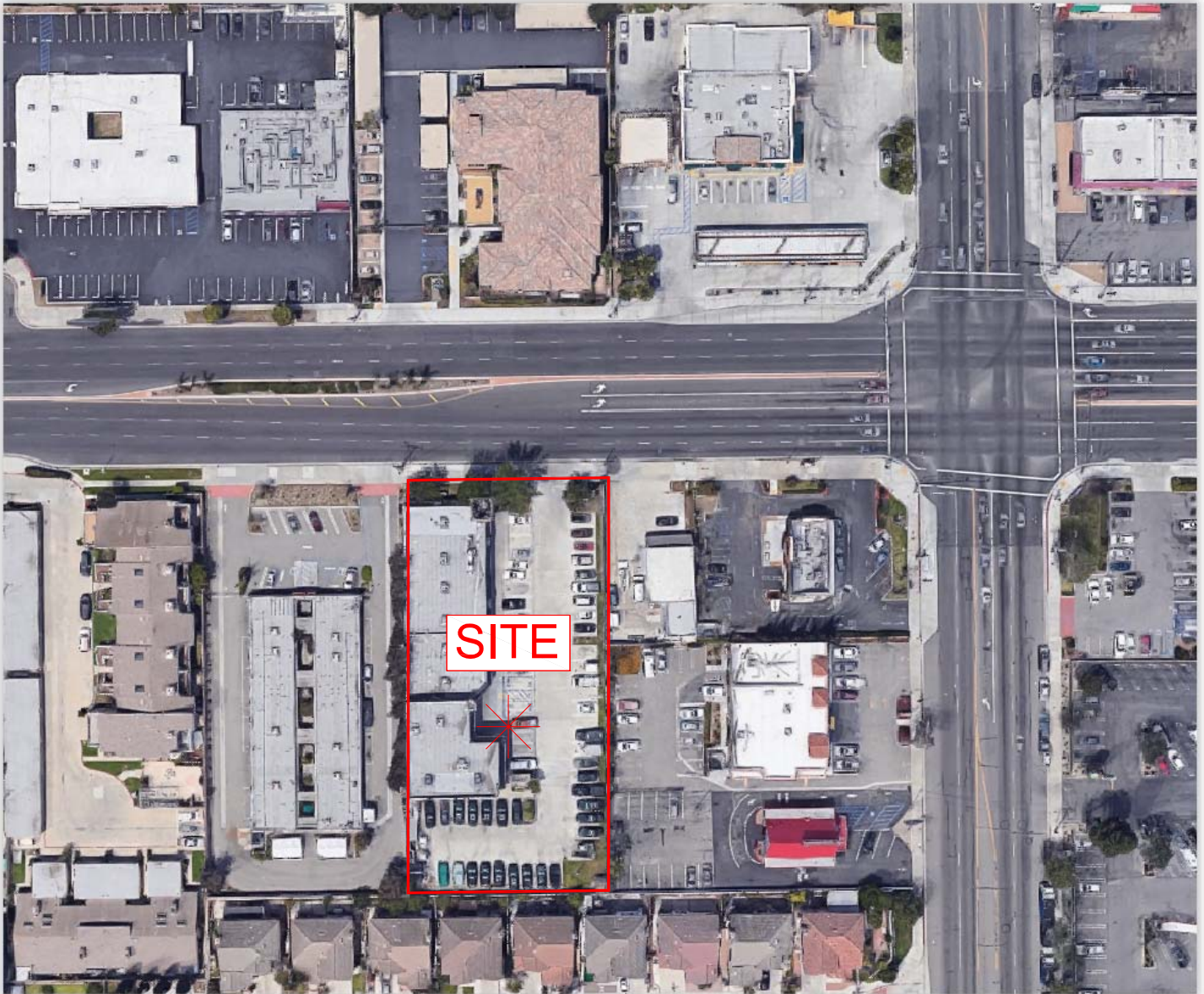


Attachments

rk15622.1

JN:2862-2019-01

Attachments



Legend:

 = Project Site Boundary



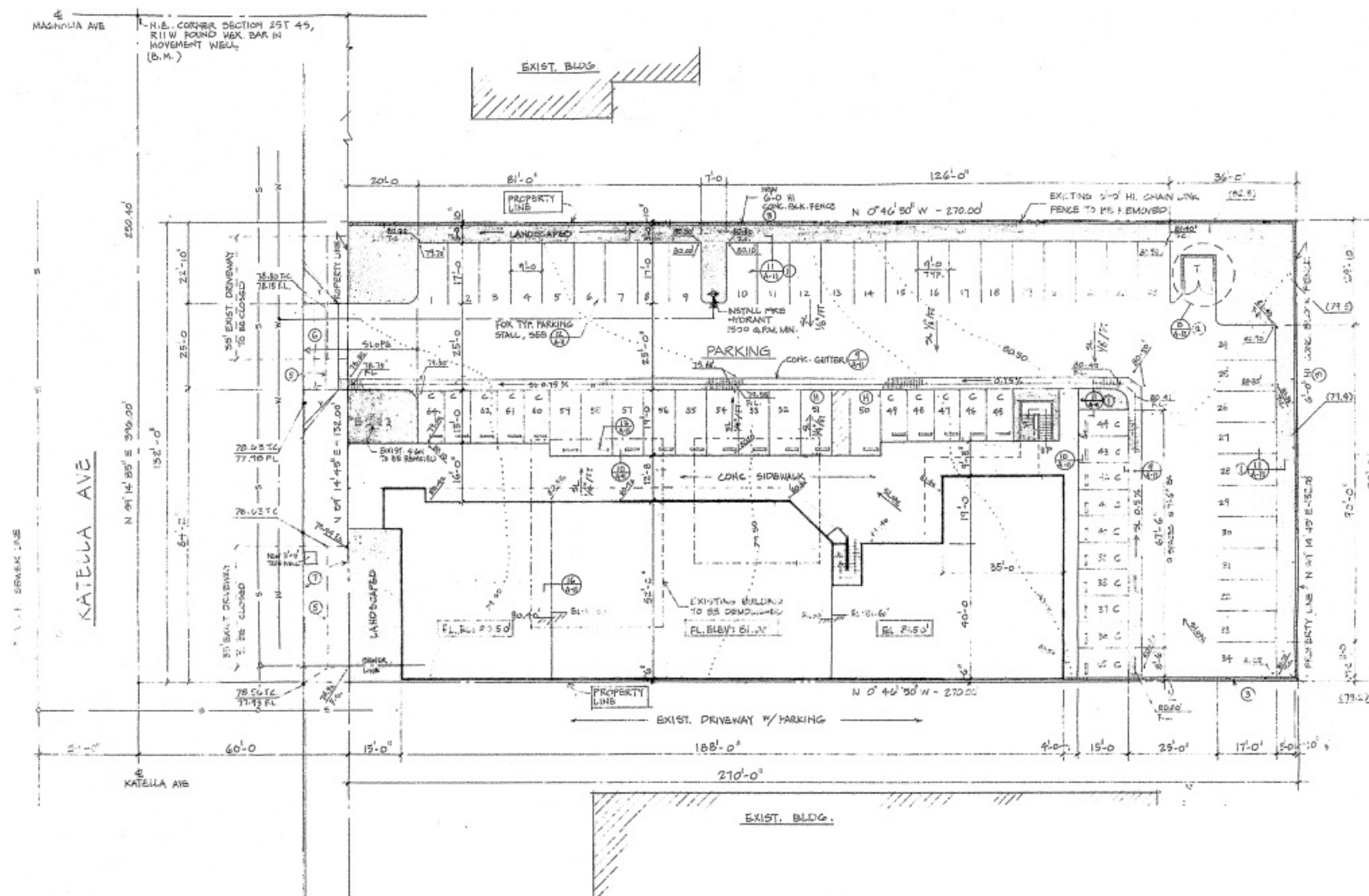


Table 1
O-P & C-1 Zoning Permitted Uses

#	Use	Zone	Zone
		O-P	C-1
1	Child Day Care Center		C
2	Community Care Facility, Residential (7 Persons or More)	C	C
3	Intermediate Care Facility	C	C
4	Residential Care Facility for the Elderly (RCFE) (7 persons or more)	C	C
5	Skilled Nursing Facility	C	C
6	Administration/Business	P	P
7	Banks/Financial Institution	P	P
8	Medical, Dental and Related Health Service Support Facilities	P	P
9	Prescription Pharmacy	P	P
10	Professional and Clerical	P	P
11	Public Utility (Commercial)	P	P
12	Art, Music and Dance	P	P
13	Arts and Crafts	P*	P*
14	Photography	P	P
15	Portrait	P	P
16	Radio/TV	C	C
17	Recording	C	C
18	Athletic and Health Clubs, Gyms		C
19	Barber/Beauty Shop	P	P
20	Dry Cleaning - Retail Only		P
21	Laundromat (Coin-op)		P
22	Physical Therapy (Medical Use)	P	P
23	Shoe Repair		P
24	Tailor/Dressmaking		P
25	Tanning Parlor		P
26	Tattoo, Facial	I	I
27	Extended-Stay Business Hotel		C*
28	Hotel, Motel		C*
29	Recreation Vehicle Park		C
30	Ticket Agency		P

Source: City of Garden Grove Municipal Code Section 9.16.020.030

ITE = Institute of Transportation Engineers Trip General Manual, 10th Edition

P = Automatically permitted use

I = Incidental Use. Use permitted only if incidental to another primary use on the same site. If incidental to a use authorized by a conditional use permit, such incidental use is permitted only if within the terms of the conditional use permit.

C = Conditional Use. Use eligible for consideration under the conditional use procedures and permitted only if conditional use permit is approved, subject to the specific conditions of such permit.

* = Use shall be subject to special conditions or specific restrictions per the Municipal Code.

Table 1
O-P & C-1 Zoning Permitted Uses

#	Use	Zone	Zone
		O-P	C-1
31	Travel Agency		P
32	Cybercafés		C*
33	Golf Courses (Regulation)		C*
34	Golf Driving Ranges		C*
35	Incidental Amusement Devices		I*
36	Movie Theaters		C
37	Private Clubs and Lodges		C
38	Tennis, Swimming Clubs		C
39	Antique Shop		P
40	Apparel: Clothing, Shoes and Accessories		P
41	Books, Magazines, Newsstand (in building)	I	P
42	Department Stores		P
43	Drug Stores	P	P
44	Florists	I	P
45	Furniture, Carpets, Household Appliances		P
46	Gifts and Souvenirs	I	P
47	Hardware, Paint		P
48	Hobby Shop		P
49	Indoor Multi-Tenant Retail Shopping Center		C*
50	Jewelry, Cameras and Supplies, Luggage		P
51	Non-vehicular Vending, Long term		C
52	Nurseries		P
53	Pets and Pet Supplies		P*
54	Stationery and Office Supplies - No Furniture	P	P
55	Toys		P
56	Variety, Dry Goods Stores		P
57	Candy, Confectionery		P
58	Convenience, Grocery		P
59	Delicatessen		P
60	Eating Establishment/Restaurant With Alcoholic Beverage Sales		C*

Source: City of Garden Grove Municipal Code Section 9.16.020.030

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* = Use shall be subject to special conditions or specific restrictions per the Municipal Code.

Table 1
O-P & C-1 Zoning Permitted Uses

#	Use	Zone	Zone
		O-P	C-1
61	Eating Establishment/Restaurant No Alcoholic Beverage Sales		P
62	Eating Establishment/Restaurant With Entertainment		C*
63	Eating Establishment/Restaurants with Outdoor Seating		P
64	Food Catering		I
65	Ice Cream, Bakery (retail only)		P
66	Liquor Store		C*
67	Meat Market		P
68	Mini-Market with Gas		C*
69	Supermarket		C*
70	Auto Parts, Accessories No Installations		P
71	Bicycle Repair		P
72	Bicycle Sales/Rental		P
73	Minor Auto Maintenance		C
74	Self-Service or Coin-Operated Car Wash		C*
75	Service Stations (new and conversion of existing)		C*
76	Tire Sales and Service		C
77	Truck, Trailer Rental		I*
78	Ambulance Service	C*	
79	Day Care Facility, Adult		C
80	Graphic Arts/Photocopying	P	P
81	Parking Facilities (For Fee)	C	C
82	Pet Grooming		p*
83	Small Animal Hospital/Veterinary		C*
84	Church and Other Religious Centers		C
85	Commercial Radio/TV Towers	C*	C*
86	Hospital, Medical or Psychiatric	C	C
87	Public Buildings (Civic Center, Library, County, State or Federal)	C	C
88	Public Safety Facilities (Fire, Police)	C	C
89	Public Utility Stations and Equipment Buildings	C	C
90	Trade, Business School		C

Source: City of Garden Grove Municipal Code Section 9.16.020.030

ITE = Institute of Transportation Engineers Trip General Manual, 10th Edition

P = Automatically permitted use

I = Incidental Use. Use permitted only if incidental to another primary use on the same site. If incidental to a use authorized by a conditional use permit, such incidental use or permitted only if within the terms of the conditional use permit.

C = Conditional Use. Use eligible for consideration under the conditional use procedures and permitted only if conditional use permit is approved, subject to the specific conditions of such permit.

* = Use shall be subject to special conditions or specific restrictions per the Municipal Code.

Table 2
Existing Uses (O-P Zoning)

#	Suite	Size (SF)	Percent Of Site	Tenant	Existing Land Use Type
1	101	1,040	8.61%	Hair Addicts Salon	Hair Salon
2	102	1,040	8.61%	Insurance	Office
3	103	1,040	8.61%	PsychHealing	Office
4	104	1,040	8.61%	Priority Mortgage	Office
5	105	1,040	8.61%	Vacant	Vacant
6	106	1,040	8.61%	Vacant	Vacant
7	107	840	6.95%	Cornell Design	Office
8	108-203	5,000	41.39%	California Safety Agency	Office
Total		12,080	100.00%		

SF = Square Feet

Table 3

ITE Trip Generation Rates for Existing Uses (O-P Zoning)

#	Suite	Land Use Type	ITE Code	Units	AM Peak			PM Peak			Daily
					In	Out	Total	In	Out	Total	
1	101	Hair Salon*	918	TSF	0.61	0.61	1.21	0.25	1.20	1.45	14.50
2	102	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
3	103	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
4	104	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
5	105	Office	710	TSF	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	106	Office	710	TSF	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	107	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
8	108-203	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74

Source: Institute of Transportation Engineers (ITE) Trip Generation Manual 10th edition, 2017

TSF = Thousand Square Feet

* = ITE does not have AM peak hour inbound and outbound splits for this land use or daily rates. This analysis assumes a 50/50 split for inbound and outbound. Daily trip generation is derived by multiplying the PM rate by a factor of 10.

N/A = not applicable. Suite is currently vacant under existing conditions.

Table 4

ITE Trip Generation for Existing Land Uses (O-P Zoning)

#	Suite	Land Use Type	Size	Units	ITE Code	AM Peak			PM Peak			Daily
						In	Out	Total	In	Out	Total	
1	101	Hair Salon	1.04	TSF	918	1	1	1	1	1	2	15
2	102	Office	1.04	TSF	710	1	0	1	0	1	1	10
3	103	Office	1.04	TSF	710	1	0	1	0	1	1	10
4	104	Office	1.04	TSF	710	1	0	1	0	1	1	10
5	105	Office	1.04	TSF	710	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	106	Office	1.04	TSF	710	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	107	Office	0.84	TSF	710	1	0	1	0	1	1	8
8	108-203	Office	5.00	TSF	710	5	1	6	1	5	6	49
Total			12.08			10	2	11	2	10	12	102

Source: Institute of Transportation Engineers (ITE) Trip Generation Manual 10th edition, 2017

TSF = Thousand Square Feet

N/A = not applicable. Suite is currently vacant under existing conditions.

Table 5

City of Garden Grove Municipal Code Parking Required for Existing Uses (O-P Zoning)

#	Suite	Land Use Type	Size	Units	Code Required Parking	Parking Spaces Required
1	101	Hair Salon / Retail	1,040	SF	1 space per 200 square feet of gross floor area	5.2
2	102	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
3	103	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
4	104	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
5	105	Vacant	1,040	SF	N/A	N/A
6	106	Vacant	1,040	SF	N/A	N/A
7	107	Office	840	SF	1 space per 250 square feet of gross floor area	3.4
8	108-203	Office	5,000	SF	1 space per 250 square feet of gross floor area	20.0
Total			12,080	SF		41.2
Rounded Up						42.0
Spaces Provided						64.0
Parking Surplus/Deficiency (Spaces)						22.0
Adequate Parking Provided?						YES

SF = Square Feet

N/A = not applicable. Suite is currently vacant under existing conditions.

Table 6

Expected Potential Uses Under Proposed C-1 Zoning

#	Suite	Size (SF)	Percent Of Site	Tenant	Land Use Type
1	101	1,040	8.61%	Hair Addicts Salon	Hair Salon
2	102	1,040	8.61%	Insurance	Office
3	103	1,040	8.61%	PsychHealing	Office
4	104	1,040	8.61%	Priority Mortgage	Office
5	105	1,040	8.61%	Vacant	Fast Food Restaurant Without Drive Through *
6	106	1,040	8.61%	Vacant	Retail *
7	107	840	6.95%	Cornell Design	Office
8	108-203	5,000	41.39%	California Safety Agency	Office
Total		12,080	100.00%		

SF = Square Feet

Table 7

ITE Trip Generation Rates for Expected Potential Land Uses Under Proposed C-1 Zoning

#	Suite	Land Use Type	ITE Code	Units	AM Peak			PM Peak			Daily
					In	Out	Total	In	Out	Total	
1	101	Hair Salon	918	TSF	0.61	0.61	1.21	0.25	1.20	1.45	14.50
2	102	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
3	103	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
4	104	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
5	105	Fast Food Restaurant Without Drive Through	933	TSF	15.06	10.04	25.10	14.17	14.17	28.34	346.23
6	106	Retail	820	TSF	0.58	0.36	0.94	1.83	1.98	3.81	37.75
7	107	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74
8	108-203	Office	710	TSF	1.00	0.16	1.16	0.18	0.97	1.15	9.74

Source: Institute of Transportation Engineers (ITE) Trip Generation Manual 10th edition, 2017

TSF = Thousand Square Feet

* = ITE does not have AM peak hour inbound and outbound splits for this land use or daily rates. This analysis assumes a 50/50 split for inbound and outbound. Daily trip generation is derived by multiplying the PM rate by a factor of 10.

Table 8

ITE Trip Generation for Expected Potential Land Uses Under Proposed C-1 Zoning

#	Suite	Land Use Type	Size	Units	ITE Code	AM Peak			PM Peak			Daily
						In	Out	Total	In	Out	Total	
1	101	Hair Salon	1.04	TSF	918	1	1	1	1	1	2	15
2	102	Office	1.04	TSF	710	1	0	1	0	1	1	10
3	103	Office	1.04	TSF	710	1	0	1	0	1	1	10
4	104	Office	1.04	TSF	710	1	0	1	0	1	1	10
5	105	Fast Food Restaurant Without Drive Through	1.04	TSF	710	16	10	26	15	15	29	360
6	106	Retail	1.04	TSF	710	1	0	1	2	2	4	39
7	107	Office	0.84	TSF	710	1	0	1	0	1	1	8
8	108-203	Office	5.00	TSF	710	5	1	6	1	5	6	49
Total			12.08			27	12	38	19	27	45	501

Source: Institute of Transportation Engineers (ITE) Trip Generation Manual 10th edition, 2017

TSF = Thousand Square Feet

Table 9

City of Garden Grove Municipal Code Parking Required Under Proposed C-1 Zoning

#	Suite	Land Use Type	Size	Units	Code Required Parking	Parking Spaces Required
1	101	Hair Salon / Retail	1,040	SF	1 space per 200 square feet of gross floor area	5.2
2	102	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
3	103	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
4	104	Office	1,040	SF	1 space per 250 square feet of gross floor area	4.2
5	105	Fast Food Restaurant Without Drive Through	1,040	SF	1 space per 100 square feet of gross floor area, with a minimum of 10 spaces	10.4
6	106	Retail	1,040	SF	1 space per 200 square feet of gross floor area	5.2
7	107	Office	840	SF	1 space per 250 square feet of gross floor area	3.4
8	108-203	Office	5,000	SF	1 space per 250 square feet of gross floor area	20.0
Total			12,080	SF		56.8
Rounded Up						57.0
Spaces Provided						64.0
Parking Surplus/Deficiency (Spaces)						7.0
Adequate Parking Provided?						YES

SF = Square Feet

Table 10

Net Trip Generation Comparison Between Existing Uses Under O-P Zoning and Expected Potential Land Uses Under C-1 Zoning

#	Project Site Land Uses	Size	Units	AM Peak			PM Peak			Daily
				In	Out	Total	In	Out	Total	
1	Expected Potential Under Proposed C-1 Zoning	12.08	TSF	27	12	38	19	27	45	501
2	Existing Trip Generation (O-P Zoning)	12.08	TSF	-10	-2	-11	-2	-10	-12	-102
Net Difference				17	10	27	17	17	33	399

Source: Institute of Transportation Engineers (ITE) Trip Generation Manual 10th edition, 2017

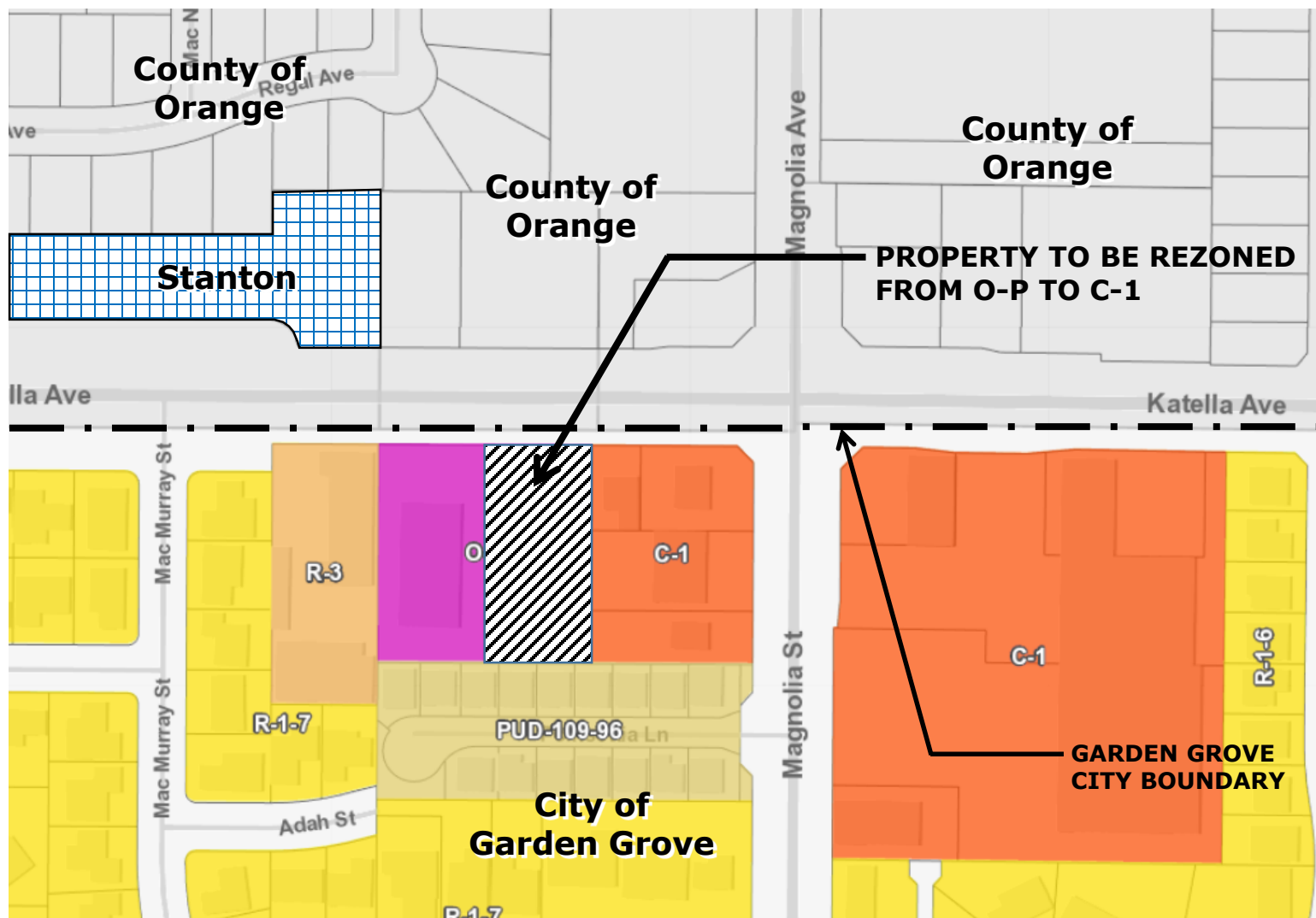
TSF = Thousand Square Feet







AMENDMENT NO. A-029-2020

8932 KATELLA AVE

APN: 132-041-21



Proposed Rezone from O-P to C-1

-  SITE TO BE REZONED FROM O-P (OFFICE PROFESSIONAL) TO C-1 (NEIGHBORHOOD COMMERCIAL)
-  CITY OF STANTON
-  COUNTY OF ORANGE UNINCORPORATED LAND
-  GARDEN GROVE CITY BOUNDARY



RESOLUTION NO. 5998-20

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF GARDEN GROVE RECOMMENDING THAT THE CITY COUNCIL ADOPT AN ORDINANCE APPROVING AMENDMENT NO. A-029-2020 TO REZONE A PROPERTY LOCATED AT 8932 KATELLA AVENUE, ASSESSOR'S PARCEL NO. 132-041-21, FROM O-P (OFFICE PROFESSIONAL) TO C-1 (NEIGHBORHOOD COMMERCIAL).

BE IT RESOLVED that the Planning Commission of the City of Garden Grove, in regular session assembled on August 20, 2020, does hereby recommend adoption of an ordinance approving Amendment No. A-029-2020 to rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial).

BE IT FURTHER RESOLVED in the matter of Amendment No. A-029-2020, the Planning Commission of the City of Garden Grove does hereby report as follows:

1. The subject case was initiated by David N. Alagband, with authorization from the property owner, Gilles Sensenbrenner.
2. A request to rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial).
3. The subject site has a General Plan Land Use Designation of Light Commercial and is currently zoned O-P (Office Professional).
4. The Planning Commission hereby determines that this project is exempt pursuant to Article 19, Section 15301, Existing Facilities, of the California Environmental Quality Act.
5. Existing land use, zoning, and General Plan Land Use designation of the areas included in this Code Amendment and in their vicinity have been reviewed.
6. Report submitted by City staff was reviewed.
7. Pursuant to a legal notice, a public hearing was held on August 20, 2020, and all interested persons were given an opportunity to be heard.
8. The Planning Commission gave due and careful consideration to the matter during its meeting of August 20, 2020, and considered all oral and written testimony presented regarding the project; and

BE IT FURTHER RESOLVED, FOUND AND DETERMINED that the facts and reasons supporting the conclusion of the Planning Commission, as required under Municipal Code Section 9.32.030, are as follows:

FACTS:

The subject site is improved with an existing multi-tenant center, located on the south side of Katella Avenue, west of Magnolia Street. The center is comprised of eight (8) tenant spaces of approximately 12,080 square feet of commercial/office space. The center includes a "barber/beauty shop" use and five (5) general office uses. Two (2) of the eight (8) suites are vacant.

The subject property is zoned O-P (Office Professional) with a General Plan Land Use Designation of Light Commercial. The property is adjacent to C-1 (Neighborhood Commercial) zoned properties to the east developed with commercial retail uses, PUD-109-96 (Residential Planned Unit Development) zoned properties to the south developed with small-lot subdivision single-family dwellings, and an O-P (Office Professional) zoned property to the west developed with a residential care facility. Across Magnolia Street, to the east, is a C-1 zoned property developed with a multi-tenant commercial retail shopping center. An additional multi-tenant commercial retail shopping center is located at the northeast corner of Katella Avenue and Magnolia Street, located within unincorporated land of the County of Orange. Across Katella Avenue, to the north of the subject property, are multiple properties located within the jurisdictional boundaries of the City of Stanton and unincorporated land of the County of Orange developed with commercial retail uses, an apartment complex, and a gas station.

Pursuant to a request filed by the previous property owner, in 1998, the City of Garden Grove approved Amendment No. A-190-98, which rezoned the subject property from C-1 (Neighborhood Commercial) to O-P (Office Professional), and also approved Amendment No. A-191-98, which amended Title 9 of the Municipal Code to allow "ambulance service" uses in the O-P zone, subject to approval of a Conditional Use Permit. Concurrently, the City also approved Conditional Use Permit No. CUP-427-98 to allow the operation of an ambulance service business on the subject property. According to business license records, the ambulance service business closed its operation in 2004.

FINDINGS AND REASONS:

1. The proposed zone change Amendment is internally consistent with the goals, policies, and elements of the General Plan. The subject site has a General Plan Land Use Designation of Light Commercial (LC). The LC Land Use Designation includes a variety of retail service establishments, including restaurants, and is implemented through both the C-1 (Neighborhood Commercial) and C-2 (Community Commercial) zoning districts. Accordingly, rezoning the subject site from O-P (Office Professional) to C-1 would be consistent with the Light Commercial General Plan Land Use Designation and the associated goals and policies of the General Plan.

2. The proposed zone change Amendment, rezoning the subject property from O-P (Office Professional) to C-1 (Neighborhood Commercial), will ensure a degree of compatibility with surrounding properties and land uses. The proposed C-1 zoning designation is consistent with the existing zoning patterns in the surrounding area, which includes other C-1 zoned properties and various multi-tenant commercial retail shopping centers. Analysis and findings of a trip generation memo, prepared by a professional consulting firm, RK Engineering Group, Inc., who specializes in traffic engineering, concluded that under the proposed C-1 (Neighborhood Commercial) zoning, the expected trip generation forecasts to result in minimal increase in trips with no significant traffic impact on the surrounding traffic circulation system. The subject property has sufficient land and parking area for the uses permitted under the C-1 zone, and the application of the appropriate Title 9 provisions for site landscaping, parking, vehicular and pedestrian access, noise, and other requirements applicable to those uses permitted in the C-1 zone will ensure that the proposed rezone will have a reasonable degree of compatibility with surrounding uses and will not adversely affect the public health, safety, and welfare.

INCORPORATION OF FACTS AND FINDINGS SET FORTH IN STAFF REPORT

In addition to the foregoing, the Planning Commission incorporates herein by this reference, the facts and findings set forth in the staff report.

BE IT FURTHER RESOLVED that the Planning Commission does conclude:

1. The zone change Amendment possesses characteristics that would indicate justification of the request in accordance with Municipal Code Section 9.32.030.D.2 (Zone Change). The proposed zone change Amendment will rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial).

Adopted this 20th day of August 2020

ATTEST:

/s/ JEREMY LEHMAN
CHAIR

/s/ JUDITH MOORE
RECORDING SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, JUDITH MOORE, Secretary of the City of Garden Grove Planning Commission, do hereby certify that the foregoing Resolution was duly adopted by the Planning Commission of the City of Garden Grove, California, at a meeting held on August 20, 2020, by the following vote:

AYES:	COMMISSIONERS:	(5)	LE, LEHMAN, LINDSAY, PEREZ, SOEFFNER
NOES:	COMMISSIONERS:	(0)	NONE
ABSENT:	COMMISSIONERS:	(1)	RAMIREZ

/s/ JUDITH MOORE
RECORDING SECRETARY

PLEASE NOTE: Any request for court review of this decision must be filed within 90 days of the date this decision was final (See Code of Civil Procedure Section 1094.6).

A decision becomes final if it is not timely appealed to the City Council. Appeal deadline is September 10, 2020.

MINUTE EXCERPT

GARDEN GROVE PLANNING COMMISSION

PUBLIC HEARING – AMENDMENT NO. A-029-2020, FOR PROPERTY LOCATED ON THE SOUTH SIDE OF KATELLA AVENUE, WEST OF MAGNOLIA STREET AT 8932 KATELLA AVENUE.

Applicant: DAVID N. ALAGBAND

Date: August 20, 2020

Request: Zone Change approval to rezone a property located at 8932 Katella Avenue (Assessor's Parcel Number 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial). The site is in the O-P (Office Professional) zone. In conjunction with the request, the Planning Commission will also consider a determination that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 – Existing Facilities.

Action: Resolution No. 5998-20 was approved. One letter of concern was submitted by Rosa Aguilar regarding the type of commercial businesses allowed that could create less than favorable conditions and de-value properties.

Motion: Lindsay Second: Le

Ayes: (5) Le, Lehman, Lindsay, Perez, Soeffner

Noes: (0) None

Absent: (1) Ramirez

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING AMENDMENT NO. A-029-2020 TO AMEND THE CITY'S OFFICIAL ZONING MAP TO CHANGE THE ZONING OF THE PROPERTY, LOCATED AT 8932 KATELLA AVENUE (ASSESSOR'S PARCEL NO. 132-041-21), FROM O-P (OFFICE PROFESSIONAL) TO C-1 (NEIGHBORHOOD COMMERCIAL).

CITY ATTORNEY SUMMARY

This Ordinance approves an amendment to the City's Official Zoning Map to change the zoning of the Property, located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21), from O-P (Office Professional) to C-1 (Neighborhood Commercial).

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE FINDS AND DETERMINES AS FOLLOWS:

WHEREAS, David N. Alagband, the applicant, with the authorization of the property owner, Gilles Sensenbrenner, submitted a request to rezone a property located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21) from O-P (Office Professional) to C-1 (Neighborhood Commercial);

WHEREAS, proposed Amendment No. A-029-2020 would amend the City of Garden Grove Zoning Map to change the zoning of the Property, located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21), from O-P (Office Professional) to C-1 (Neighborhood Commercial);

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et. seq., and the CEQA guidelines, 14 California Code of Regulations Sec. 15000 et. seq., this project is exempt pursuant to Article 19, Section 15301, Existing Facilities;

WHEREAS, the Planning Commission, at a Public Hearing held on August 20, 2020, adopted Resolution No. 5998-20 recommending that the City Council approve Amendment No. A-029-2020, contingent upon Garden Grove City Council adoption and effectiveness of this Ordinance approving Amendment No. A-029-2020;

WHEREAS, pursuant to a legal notice, a Public Hearing was held by the City Council on October 13, 2020, and all interested persons were given an opportunity to be heard;

WHEREAS, the City Council gave due and careful consideration to the matter during its meeting of October 13, 2020; and

WHEREAS, the City Council of the City of Garden Grove hereby makes the following findings regarding Amendment No. A-029-2020:

A. The proposed zone change Amendment is internally consistent with the goals, policies, and elements of the General Plan. The subject site has a General Plan Land Use Designation of Light Commercial (LC). The LC Land Use Designation includes a variety of retail service establishments, including restaurants, and is implemented through both the C-1 (Neighborhood Commercial) and C-2 (Community Commercial) zoning districts. Accordingly, rezoning the subject site from O-P (Office Professional) to C-1 would be consistent with the Light Commercial General Plan Land Use Designation and the associated goals and policies of the General Plan.

B. The proposed zone change Amendment, rezoning the subject property from O-P (Office Professional) to C-1 (Neighborhood Commercial), will ensure a degree of compatibility with surrounding properties and land uses. The proposed C-1 zoning designation is consistent with the existing zoning patterns in the surrounding area, which includes other C-1 zoned properties and various multi-tenant commercial retail shopping centers. Analysis and findings of a trip generation memo, prepared by a professional consulting firm, RK Engineering Group, Inc., who specializes in traffic engineering, concluded that under the proposed C-1 (Neighborhood Commercial) zoning, the expected trip generation forecasts to result in minimal increase in trips with no significant traffic impact on the surrounding traffic circulation system. The subject property has sufficient land and parking area for the uses permitted under the C-1 zone, and the application of the appropriate Title 9 provisions for site landscaping, parking, vehicular and pedestrian access, noise, and other requirements applicable to those uses permitted in the C-1 zone will ensure that the proposed rezone will have a reasonable degree of compatibility with surrounding uses and will not adversely affect the public health, safety, and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES ORDAIN AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The facts and reasons stated in Planning Commission Resolution No. 5998-20 recommending approval of Amendment No. A-029-2020, a copy of which is on file in the Office of the City Clerk, are hereby incorporated herein by reference with the same force and effect as if set forth in full.

Section 3. Amendment No. A-029-2020 is hereby approved.

Section 4. The zoning of the Project site, located at 8932 Katella Avenue (Assessor's Parcel No. 132-041-21), is re-zoned from O-P (Office Professional) to C-1 (Neighborhood Commercial), as shown on the attached exhibit/map. Zone Map part K-05 is amended accordingly.

Section 5. Severability. If any section, subsection, subdivision, sentence, clause, phrase, word, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The

City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, word, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, words, or portions thereof be declared invalid or unconstitutional.

Section 6. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect on the date that is thirty (30) days after adoption.

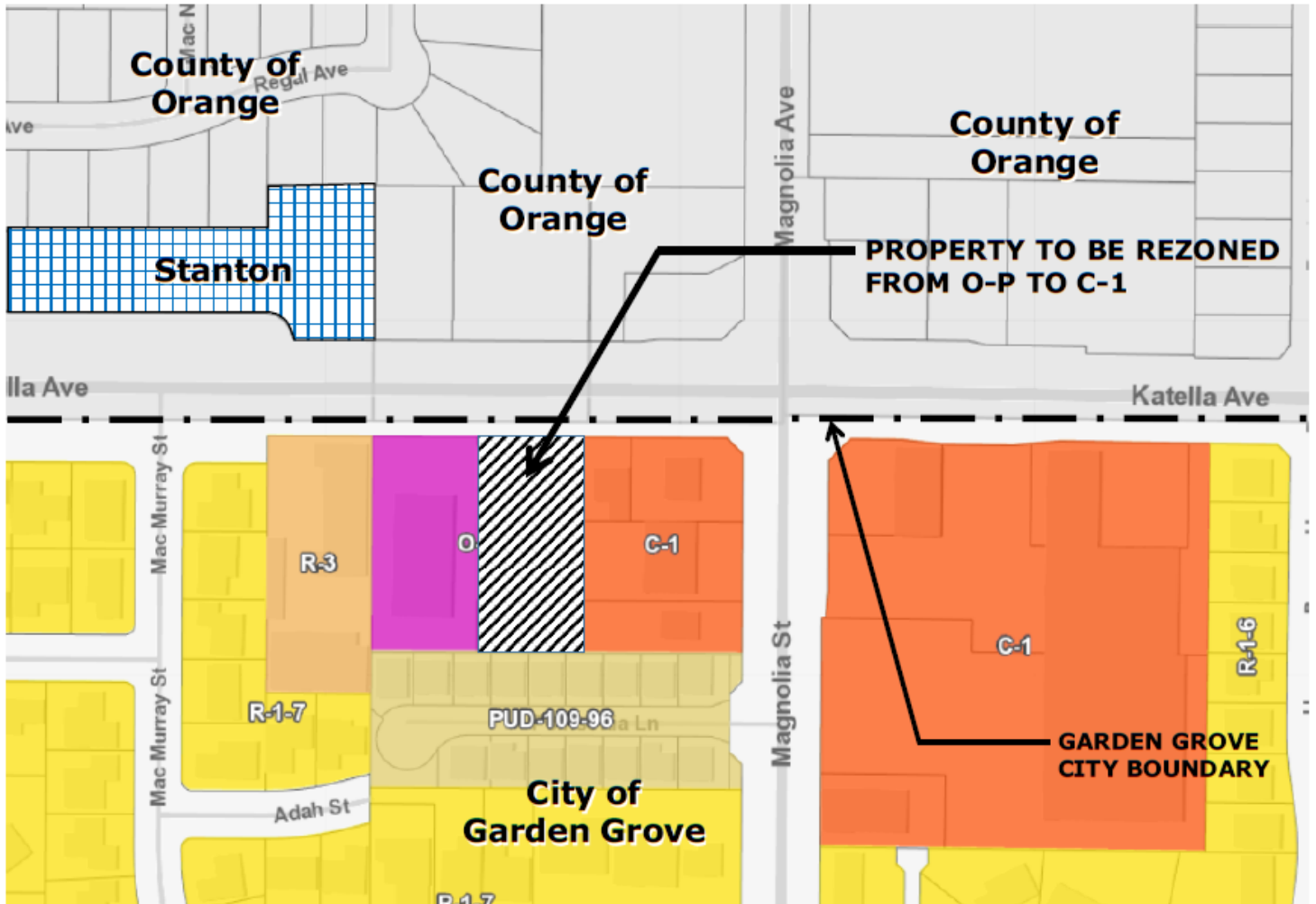
The foregoing Ordinance was passed by the City Council of the City of Garden Grove on the 13th day of October 2020.







AMENDMENT NO. A-029-2020

8932 KATELLA AVE

APN: 132-041-21



Proposed Rezone from O-P to C-1

-  SITE TO BE REZONED FROM O-P (OFFICE PROFESSIONAL) TO C-1 (NEIGHBORHOOD COMMERCIAL)
-  CITY OF STANTON
-  COUNTY OF ORANGE UNINCORPORATED LAND
-  GARDEN GROVE CITY BOUNDARY



08/18/2020 10:10:37 PM

Ticket #336158

Status	Open
Priority	Normal
Department	Planning Help
Create Date	08/18/2020 01:43:11 PM

Name	Rosa Aguilar
Email	aguilar-r@sbcglobal.net
Phone	
Source	Email

Assigned To	
SLA Plan	Planning SLA
Due Date	08/23/2020 01:43:11 PM

Help Topic	Planning
Last Response	
Last Message	08/18/2020 01:43:11 PM

Amendment No.-029-2020

08/18/2020 01:43:11 PM Amendment No.-029-2020

Rosa Aguilar

In response to this notice, I would like to submit the following as my concerns with the request in change.

1. The notice does not state what type of commercial business would operate as a result of this change.
2. This neighborhood already has several commercial buildings that operate businesses that generate less than favorable conditions that de-value our property (excessive noise, traffic, homelessness, etc..)
3. Even if it was a favorable business initially, that business may close and the following business may not be as favorable.

Thank you for your consideration.

[Sent from AT&T Yahoo Mail on Android](#)

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Patricia Song
Dept.:	City Manager	Dept.:	Finance
Subject:	Adoption of a Resolution approving an Installment Purchase Agreement for issuance of Water Revenue Bonds, Series 2020A, and other related documents. (Action Item)	Date:	10/13/2020

OBJECTIVE

For the City Council to adopt a resolution approving the execution and delivery of an Installment Purchase Agreement for the purpose of causing the issuance of Water Revenue Bonds, Series 2020A, and approving the execution and delivery of certain documents in connection therewith and certain other matters.

BACKGROUND

On April 30, 2010, the Garden Grove Public Financing Authority issued its Revenue Bonds, Series 2010 (the 2010 Bonds) to finance certain water utility capital improvement projects. The interest rates for the 2010 Bonds range from 2.0% to 6.389%. As of June 30, 2020, the 2010 Bonds carried a remaining principal balance of \$10,630,000.

DISCUSSION

In a recent financial review with the City's Municipal Advisor, Fieldman, Rolapp & Associates, Inc. (FRA), it was identified that the 2010 Bonds would become callable as of December 15, 2020. The current municipal bond market shows favorable condition to refund the 2010 Bonds. The financing team has estimated that the net present value savings to refund the 2010 Bonds to be approximately \$1.5 million or 14.3% of the refunded bonds. Consequently, it is beneficial for the City to refund the 2010 Bonds to achieve savings in debt service. In July 2020, the City received its draft 2020 Water Master Plan Update. In the update, a few key capital improvement projects were identified to cost-effectively meet the City's water distribution system infrastructure needs. The Water utility currently does not have existing capital to carry out these projects. Public financing is necessary to undertake the acquisition and construction of certain capital improvements, betterments, renovations and expansions of facilities within its water system (the 2020 Project). FRA has recommended raising new capital sufficient to cover the 2020 Projects while refunding the 2010 Bonds.

FINANCIAL IMPACT

The par amount of the 2020 Bonds is estimated to be \$22,590,000, with anticipated original issuance premium of \$4,177,650, with a total proceeds of \$26,767,650. Among the total proceeds, about \$11 million will be used to defease the 2010 Bonds, and \$16 million as "new money" to fund for the 2020 Projects. The proposed bond structure will maximize cash flow savings in the initial year. The refunding portion of the 2020 Bonds will not extend the term of the 2010 Bonds, and the new money portion will carry a 30-year amortization period with annual debt service payments ranging between \$1.0 million to \$1.8 million.

It is estimated that by refunding the 2010 Bonds, the City will realize a net present value savings of \$1.5 million or 14.3% of the refunded debt.

Total cost of issuance is estimated to be \$347,714, which will be paid from the proceeds of the 2020 Bonds. This amount covers the cost of bond and disclosure counsel, municipal advisor, trustee and escrow agent, credit rating, underwriter, City administrative costs and other fees.

The stated rate of the 2020 bonds will be 4.0%, with the true interest cost 2.56% per annum. The annual debt service payments of the 2020 Bonds will be incorporated in the Water utility fund's annual operating budget.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the resolution approving the execution and delivery of an Installment Purchase Agreement for the purpose of causing the issuance of Water Revenue Bonds, Series 2020A, and approving the execution and delivery of certain documents in connection therewith and certain other matters (Attachment 1);
- Approve the Installment Purchase Agreement by and between City of Garden Grove and Garden Grove Public Financing Authority (Attachment 2);
- Approve the Continuing Disclosure Agreement in connection with the issuance of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020 A (Attachment 3);
- Approve the Escrow Agreement by and among the City of Garden Grove, the Garden Grove Public Financing Authority, and the U.S. Bank National Association, as Escrow Agent (Attachment 4);
- Approve the Bond Purchase Agreement by and among Stifel, Nicolaus & Company, Inc., the Garden Grove Public Financing Authority, and the City of Garden Grove (Attachment 5);
- Approve the Preliminary Official Statement for the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (Attachment 6); and
- Authorize the City Manager or his designee to execute any other documents that are necessary to cause the issuance of the 2020 Bonds.

necessary to cause the issuance of the 2020 bonds.

ATTACHMENTS:

Description	Upload Date	Type	File Name
1 - Resolution Authorizing Bond Issuance	9/23/2020	Resolution	1-City_Resolution_Garden_Grove_2020_Water_Bonds.pdf
2 - Installment Purchase Agreement	9/23/2020	Agreement	2-Installment_Purchase_Agreement_Garden_Grove_2020_Water_Bonds.pdf
3 - Continuing Disclosure Agreement	9/23/2020	Agreement	3- Continuing_Disclosure_Agreement_Garden_Grove_2020_Water_Revenue_Bonds.pdf
4 - Escrow Agreement	9/23/2020	Agreement	4-Escrow_Agreement_(2010_Bonds)_Garden_Grove_2020_Water_Bonds.pdf
5 - Bond Purchase Agreement	9/23/2020	Agreement	5-BPA_-_Garden_Grove_PFA_2020_Bonds.pdf
6 - Preliminary Official Statement	9/23/2020	Exhibit	6-Official_Statement_Garden_Grove_2020_Water_Bonds.pdf

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. ____-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT FOR THE PURPOSE OF CAUSING THE ISSUANCE OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2020A, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the City of Garden Grove, California (the “**City**”), a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California (the “**State**”), proposes to undertake the financing of the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (collectively, the “**2020 Project**”);

WHEREAS, the City proposes to refinance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (collectively, the “**2010 Projects**”) which were previously financed from proceeds of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2010A, 2010B and 2010C (collectively, the “**2010 Bonds**”);

WHEREAS, the City is a member of the Garden Grove Public Financing Authority (the “**Authority**”), a public entity that is duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State;

WHEREAS, the Authority will be presented with the issuance of Water Revenue Bonds, Series 2020A (the “**Bonds**”) to assist the City in financing the 2020 Project and refinancing the 2010 Projects;

WHEREAS, the City Council of the City (the “**City Council**”) has determined that it is in the best interest of the City to enter into an Installment Purchase Agreement (the “**Installment Purchase Agreement**”), by and between the City and the Authority, and to approve certain other documents, to provide for the financing of the 2020 Project and the refinancing of the 2010 Projects;

WHEREAS, the Bonds are to be secured by installment payments to be made pursuant to the Installment Purchase Agreement, which installment payments will be payable from net revenues of the City’s water system to the extent set forth in the Installment Purchase Agreement;

WHEREAS, the Authority and U.S. Bank National Association, as trustee (the “**Trustee**”), will enter into an Indenture of Trust (the “**Indenture**”), to provide for the issuance

and security of the Bonds, the financing of the 2020 Project and the refinancing of the 2010 Projects;

WHEREAS, the City desires to execute a Continuing Disclosure Agreement with Applied Best Practices LLC, as dissemination agent, to be dated the closing date of the Bonds (the “**Continuing Disclosure Agreement**”), to provide updates of certain information relating to the City and its water system while the Bonds are outstanding;

WHEREAS, in order to effect the refunding of the 2010 Bonds, the City, the Authority and U.S. Bank National Association, as trustee for the 2010 Bonds and as escrow agent, desire to enter into an Escrow Agreement (2010 Bonds) (the “**Escrow Agreement**”);

WHEREAS, the City desires to execute and deliver a bond purchase agreement (the “**Purchase Contract**”) with the Authority and Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Bonds (the “**Underwriter**”), with respect to the Bonds;

WHEREAS, in order to effect a public sale of the Bonds to the Underwriter, the City is required under federal securities laws and regulations to prepare a preliminary official statement with respect to the Bonds (the “**Preliminary Official Statement**”) disclosing material information about the City and the City’s water system; and

WHEREAS, the City wishes to approve the Preliminary Official Statement for the Bonds, which has been prepared by the City and the Authority with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel (“**Disclosure Counsel**”);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, as follows:

Section 1. The City Council hereby specifically finds and declares that each of the statements, findings and determinations of the City Council that are set forth in the above recitals and in the preambles of the documents that are approved herein are true and correct and that the financing of the 2020 Project and the refinancing of the 2010 Projects will result in significant public benefits for the residents of the City. The City Council hereby further finds and determines that: (a) there are significant public benefits to the citizens of the City of the type described in Section 6586 of the Marks-Roos Local Bond Pooling Act of 1985 (the “**Act**”) in having the Authority assist the City with respect to the financing of the 2020 Project and the refinancing of the 2010 Projects through the issuance of the Bonds, in that the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the City and significant reductions in effective user charges levied by the City; and (b) the 2020 Project and the 2010 Projects include facilities for the production, storage, transmission or treatment of water within the meaning of Section 6586.5(c) of the Act.

Section 2. The Installment Purchase Agreement is hereby approved substantially in the form on file with the City Clerk. The Mayor, the Mayor Pro Tempore, the City Manager, the Assistant City Manager and the Director of Finance of the City (each, an “**Authorized Officer**”) or the designee thereof is hereby authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or the law firm of Stradling Yocca Carlson & Rauth, a

Professional Corporation (“**Bond Counsel**”), and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 3. The Continuing Disclosure Agreement is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 4. The Escrow Agreement is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver such Escrow Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 5. The Purchase Contract is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$25,000,000, nor shall the underwriting discount exceed 1.00% of the aggregate principal amount of the Bonds, nor shall the true interest cost of the Bonds exceed 4.00%; and provided further that the Bonds issued to refund the 2010 Bonds shall result in an aggregate net present value debt service savings of 3% or greater.

Section 6. The preparation and distribution of the Preliminary Official Statement in substantially the form on file with the City Clerk is hereby approved. Each Authorized Officer is hereby authorized: (i) to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “**Rule**”) deeming the Preliminary Official Statement substantially final under the Rule, except for the omission of information as permitted by the Rule; and (ii) to execute, approve and deliver the final Official Statement substantially in the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from the City Attorney or Disclosure Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.

Section 7. The proceeds of the Bonds shall be deposited as provided in the Indenture and the Installment Purchase Agreement: (a) to finance the 2020 Project and refinance the 2010 Projects; (b) to pay the costs of issuing the Bonds; (c) if advisable to reduce the interest rate payable on the Bonds and/or secure a higher credit rating on the Bonds, to establish a reserve fund for the Bonds; and (d) if determined to be in the best interest of the City, to capitalize interest on the Bonds during all or a portion of the construction period for the 2020 Project.

Section 8. The appointment of U.S. Bank National Association as Trustee under and pursuant to the Indenture, with the powers and duties of said office as set forth therein, is hereby approved.

Section 9. The City Council hereby authorizes the City Manager or his designee: (i) to solicit bids for a municipal bond insurance policy and/or reserve surety; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net savings for the City, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the Bonds.

Section 10. The Authorized Officers or any other proper officer of the City, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Agreement, bond insurance, a reserve surety and this Resolution, including any reimbursement agreement or other agreement relative to bond insurance or a reserve surety and any escrow or redemption instructions related to the 2010 Bonds. In the event that the President of the City Council is unavailable to sign any of the agreements described herein, any other member of the City Council may sign such agreement.

Section 11. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture unless the context otherwise clearly requires.

Section 12. In accordance with Section 5852.1 of the California Government Code, the City has obtained from Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in Exhibit A.

Section 13. This Resolution shall take effect from and after its date of adoption.

Adopted this 13th day of October, 2020.

MAYOR

ATTEST:

CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss:
CITY OF GARDEN GROVE)

I, Teresa Pomeroy, CMC, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California at a regular meeting held on the 13th day of October, 2020.

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

CITY CLERK

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's Municipal Advisor and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 2.56%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties):
\$347,714
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$25,243,494
- (D) Total Payment Amount through Maturity of the Bonds: \$35,937,177

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of November 1, 2020

Relating to

\$_____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of November 1, 2020, is entered into by and between the CITY OF GARDEN GROVE, a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California (the “**City**”), and the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”).

RECITALS

A. The City proposes to finance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its Water System, as described in Exhibit A (collectively, the “**2020 Project**”).

B. The City also proposes to refinance the acquisition and construction of certain existing improvements, betterments, renovations and expansions of facilities within its Water System, as described in Exhibit A (collectively, the “**2010 Projects**”).

C. The Authority has agreed to assist the City in financing the 2020 Project and refinancing the 2010 Projects on the terms and conditions that are set forth herein.

D. The Authority is authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including but not limited to Section 6540 *et seq.*, to finance and refinance the acquisition and construction of property for its members.

E. The City is authorized by law to acquire and/or otherwise contract for construction of the 2020 Project.

F. The City is authorized by Articles 9, 10 and 11 of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California, commencing with Section 53550, to refinance the 2010 Projects.

G. The City and the Authority have duly authorized the execution of this Installment Purchase Agreement.

H. All acts, conditions and things that are required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document that is mentioned herein or therein have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the Indenture.

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term "Acquisition Fund" means the fund by that name created pursuant to Section 3.04 of the Indenture.

Authority. The term "Authority" means Garden Grove Public Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California.

Bonds. The term "Bonds" means the 2015 Bonds and all other revenue bonds or notes of the City that are authorized, executed, issued and delivered by the City, the payments of which are payable from Net Revenues on a parity with the Series 2020 Installment Payments and which are secured by a pledge of and lien on Revenues as described in Section 5.01 hereof.

City. The term "City" means City of Garden Grove, a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California.

City Manager. The term "City Manager" means the City Manager of the City, or any other person that is designated by the City Manager of the City to act on behalf of the City Manager.

Contracts. The term "Contracts" means all contracts of the City that are previously or hereafter authorized and executed by the City, the payments under which are payable from Net Revenues on a parity with the Series 2020 Installment Payments and which are secured by a pledge and lien on Revenues as described in Section 5.01 hereof; but excluding contracts entered into for operation and maintenance of the Water System.

Date of Operation. The term "Date of Operation" means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the City.

Debt Service. The term "Debt Service" means, for any period of calculation, the sum of:

(1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or

any future similar program);

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period;

(3) those portions of the principal amount of all outstanding term Bonds required to be redeemed or paid in such period; and

(4) those portions of the Contracts required to be made during such period, (except to the extent that the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be the greater of: (a) the actual interest rate on such Bonds or Contracts on the date of calculation, or if the indebtedness is not yet outstanding, the initial interest rate (if established and binding); (b) if the Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve calendar months immediately preceding the date of calculation; and (c) (i) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Securities Industry and Financial Markets Association Index for tax-exempt variable rate obligations; or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any portion of Section 5.03 (Additional Contracts and Bonds) and Section 6.14 (Amount of Rates and Charges), measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

provided further that, if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that, the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that, Debt Service shall not include interest which is paid from investment earnings on amounts on deposit in reserve funds and transferred to the 2020A Bond Payment Fund.

Event of Default. The term “Event of Default” means an event that is described in Section 8.01.

Fiscal Year. The term “Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve month period hereafter selected and designated as the official fiscal year period of the City.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of the date hereof, by and between the City and the Authority, relating to the 2020A Bonds.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants that is appointed by the City, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants that is appointed by the City, and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; (3) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City; and (4) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Installment Payment Date. The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the City under and pursuant to any Contract.

Installment Payments. The term “Installment Payments” means the Installment Payments of interest and principal scheduled to be paid by the City under and pursuant to the Contracts.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the City and the Authority, dated as of November 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

JPA Agreement. The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated June 22, 1993, as amended by Amendment No. 1 thereto dated March 28, 2006, by and among the City, the Successor Agency to the Garden Grove Agency for Community Development and the Garden Grove Sanitary District, pursuant to which the Authority is established.

Net Proceeds. The term “Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established hereunder, Net Revenues shall include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the City that are charged directly

or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than Debt Service payments) required to be paid by it to comply with the terms of any Bonds or Contracts or any resolution or indenture authorizing the issuance or execution of any Bonds or Contracts; and (ii) costs spent or incurred in the purchase of water for the Water System; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

Project. The term “Project” means additions, betterments, extensions or improvements to the City’s facilities designated by the City Council of the City as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the City to the Authority under the terms hereof as provided in Section 4.01.

Rate Stabilization Fund. The term “Rate Stabilization Fund” means the fund by that name that is described in Section 5.05.

Revenue Fund. The term “Revenue Fund” means the fund by that name which has been continued pursuant to Section 5.02.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges or other moneys derived by the City from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the City with respect to the Water System; (3) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above including City Water System reserves; (4) any interest payments on Bonds or Contracts reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program; but excluding (x) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City; (y) any proceeds of taxes or assessments restricted by law to be used by the City to pay Bonds or Contracts or other obligations heretofore or hereafter issued; and (z) revenues of any water system acquired through merger, consolidation or similar action to the extent that the exclusion of such acquired water system is required pursuant to the terms of such merger, consolidation or similar action.

Upon the maturity or earlier redemption of the 2015 Bonds: (i) “Revenues” shall also include all amounts transferred from the Rate Stabilization Fund, if such a fund is established, to the Revenue Fund during any Fiscal Year in accordance with Section 5.05; and (ii) “Revenues” shall not include any amounts transferred from the Revenue Fund to the Rate Stabilization Fund, if such a fund is established, during any Fiscal Year in accordance with Section 5.02(c).

Series 2020 Installment Payment Date. The term “Series 2020 Installment Payment Date” means the Business Day prior to June 15 and December 15 of each year, commencing June 15, 2021.

Series 2020 Installment Payments. The term “Series 2020 Installment Payments” means the Installment Payments scheduled to be paid by the City under and pursuant to the Installment Purchase Agreement.

Trustee. The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2010 Projects. The term “2010 Projects” means the additions, betterments, extensions and improvements to the City’s Water System facilities, including real property and buildings, if any, which are described as such in Exhibit A.

2015 Bonds. The term “2015 Bonds” means the City of Garden Grove Water Revenue Refunding Bonds, Series 2015.

2020 Project. The term “2020 Project” means the additions, betterments, extensions and improvements to the City’s Water System facilities, including real property and buildings, if any, which are described as such in Exhibit A, to the extent: (i) approved pursuant to the California Environmental Quality Act; and (ii) paid for with the proceeds of the 2020A Bonds, and as modified in conformance with Section 3.02 hereof.

2020A Bonds. The term “2020A Bonds” means the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A, issued pursuant to the Indenture.

Water Service. The term “Water Service” means the water distribution service that is made available or provided by the Water System.

Water System. The term “Water System” means the entire water supply, treatment, storage and distribution system of the City, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the City for the supply, treatment and storage of water to residents of the City and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations by the City. The City makes the following representations:

(a) The City is a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California.

(b) The City has full legal right, power and authority to enter into this Installment Purchase Agreement, carry out its obligations hereunder and carry out and consummate all other transactions that are contemplated by this Installment Purchase Agreement, and the City has complied with the provisions of the laws of the State of California in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The City will not take or, to the extent within its power, permit any action to be taken which results in the interest that is paid for the installment purchase of the 2020 Project and the 2010 Projects under the terms of this Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

(e) The City has determined that it is necessary and proper for City uses and purposes within the terms of the laws of the State of California that the City finance and acquire the 2020 Project and refinance and acquire the 2010 Projects in the manner that is provided for in this Installment Purchase Agreement in order to provide essential services and facilities to persons residing in the City.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a joint exercise of powers agency that is duly organized under the JPA Agreement and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions that are contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(c) The Authority will not take or permit any action to be taken which results in interest that is paid for the installment purchase of the 2020 Project and the 2010 Projects under the terms of this Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF PROJECTS

Section 3.01. Acquisition and Construction of the 2020 Project. The Authority hereby agrees to cause the 2020 Project and any additions or modifications thereto to be constructed, acquired and installed by the City as its agent. The City shall enter into contracts and provide for, as agent for the Authority, the complete design, construction, acquisition and installation of the 2020 Project in accordance with all applicable laws. The City hereby agrees that it will cause the construction, acquisition and installation of the 2020 Project to be diligently performed after the deposit of funds

into the Acquisition Fund pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the City Council of the City, and that it will use its best efforts to cause the construction, acquisition and installation of the 2020 Project to be substantially completed by three years after the Closing Date, unforeseeable delays beyond the reasonable control of the City only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2020 Project and that all such costs and expenses shall be paid by the City.

Section 3.02. Changes to the 2020 Project. The City may substitute other improvements for those listed as components of the 2020 Project in Exhibit A, but only if the City first files with the Authority and the Trustee a statement of the City in the form attached as Exhibit C: (a) identifying the improvements to be substituted and the improvements to City facilities they replace in the 2020 Project; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.03. Sale and Purchase of the 2010 Projects. The parties hereby confirm that the City currently has title to the 2010 Projects. In consideration for the Authority's assistance in refinancing the 2010 Projects, the City agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase, and hereby purchases, from the City, the 2010 Projects in the manner and in accordance with the provisions of the Installment Purchase Agreement.

Section 3.04. Purchase and Sale of the 2020 Project and the 2010 Projects. In consideration for the Series 2020 Installment Payments, the Authority agrees to sell, and hereby sells, to the City, and the City agrees to purchase, and hereby purchases, from the Authority, the 2020 Project and the 2010 Projects at the purchase price that is specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of the Installment Purchase Agreement.

Section 3.05. Title. All right, title and interest in each component of the 2020 Project shall vest in the City immediately upon acquisition or construction thereof. All right, title and interest in each component of the 2010 Projects shall vest in the City immediately upon execution and delivery of the Installment Purchase Agreement. Such vesting shall occur without further action by the Authority or the City, and the Authority shall, if requested by the City or if necessary to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.06. Acquisition Fund. There has been established with the Trustee pursuant to the Indenture the Acquisition Fund. The moneys in the Acquisition Fund shall be held by the Trustee in trust and applied to the payment of the costs of acquisition and construction of the 2020 Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund by the Trustee, the Director of Finance of the City, acting as agent of the Authority, shall cause to be filed with the Trustee a certificate of the City in the form set forth in Exhibit D.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price to be paid by the City hereunder to the Authority is the sum of the principal amount of the City's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the City hereunder is set forth in Exhibit B.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit B, and shall be paid by the City as and constitute interest paid on the principal amount of the City's obligations hereunder.

Section 4.02. Series 2020 Installment Payments. The City shall, subject to its rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2020 Installment Payment Dates as set forth in Exhibit B.

Each Series 2020 Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event that the City fails to make any of the payments which are required to be made by it under this section, such payment shall continue as an obligation of the City until such amount shall have been fully paid, and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2020 Installment Payments if paid in accordance with their terms.

The obligation of the City to make the Series 2020 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the City will not discontinue or suspend any Series 2020 Installment Payment which is required to be made by it under this section when due, whether or not the Water System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2020 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Revenues. The Revenues, amounts that are transferred from the Rate Stabilization Fund, if established, to the Revenue Fund as described in Section 5.05, other amounts that are on deposit in the Revenue Fund and any other amounts (including proceeds of the sale of the 2020A Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (except the Rate Stabilization Fund, if established (other than those amounts

which are transferred by the City from the Rate Stabilization Fund, if established, to the Revenue Fund)) are irrevocably pledged to the payment of the Series 2020 Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Revenues shall not be used for any other purpose while any of the Series 2020 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on Revenues, the Revenue Fund and the other funds and accounts that are created hereunder for the payment of the Series 2020 Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and of the Indenture.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that all Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby continued and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the City as provided in this Installment Purchase Agreement.

The City shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the City at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) 2020A Bond Payment Fund. On or before each Series 2020 Installment Payment Date, the City shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2020A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the 2020A Bonds on the next succeeding Series 2020 Installment Payment Date. The City shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the 2020A Bond Payment Fund on each Series 2020 Installment Payment Date (other than amounts that are required for the payment of past due principal or interest with respect to any 2020A Bonds not presented for payment) shall be credited to the payment of the Series 2020 Installment Payments due and payable on such date. No deposit need be made in the 2020A Bond Payment Fund as Series 2020 Installment Payments if the amount in the 2020A Bond Payment Fund is at least equal to the amount of the Series 2020 Installment Payment that is due and payable on the next succeeding Series 2020 Installment Payment Date.

(b) Reserve Funds. On or before each Series 2020 Installment Payment Date, the City shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to reserve funds or accounts established for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the City at any time for any purpose permitted by law or deposited in the Rate Stabilization Fund, if established.

Section 5.03. Additional Contracts and Bonds. The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, shall have produced a sum equal to at least one hundred twenty-five per cent (125%) of the Debt Service for such twelve month period. When calculated for purposes of this subsection, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant to Section 5.05 that are in excess of twenty-five percent (25%) of Debt Service for such Fiscal Year; and

(b) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by a report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, shall have produced a sum equal to at least one hundred twenty-five per cent (125%) of the Debt Service for such twelve month period plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or such proposed additional Bonds been issued at the beginning of such twelve month period. When calculated for purposes of this subsection, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant to Section 5.05 that are in excess of twenty-five percent (25%) of Debt Service for such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project to be financed from proceeds of such Contracts or Bonds, as evidenced by a certificate of the City Manager on file with the City, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the City Manager on file with the City, shall produce a sum equal to at least one hundred twenty-five per cent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Section 5.04. Investments. All moneys which are held by the City in the Revenue Fund shall be invested in Permitted Investments, and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

Section 5.05. Rate Stabilization Fund. Upon the maturity or earlier redemption of the 2015 Bonds, the City is authorized but not required to establish a special fund designated as the “Rate Stabilization Fund.” If the City elects to establish a Rate Stabilization Fund, such fund will be held by the City in trust under the Installment Purchase Agreement. The City agrees and covenants to maintain and to hold such fund, if established, separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Money transferred by the City from the Revenue Fund to the Rate Stabilization Fund, if established, in accordance with Section 5.02(c) will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund, if established, and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 or, in the event that all or a portion of the Series 2020 Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII. Any such amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund in accordance with the Indenture constitute pledged Revenues.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The City will punctually pay the Series 2020 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020 Project or the 2010 Projects, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

The City will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The City will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided herein. In addition, the City may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02),

provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The City will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof which is necessary to secure adequate Revenues for the payment of the Series 2020 Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the City to pay the Series 2020 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the City to sell any portion of the Water System if such portion is immediately repurchased by the City and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the City of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 6.04. Against Competitive Facilities. The City will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the City any water system competitive with the Water System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the 2020A Bonds will not be adversely affected for federal income tax purposes, the City covenants to comply with all applicable requirements of the Code which are necessary to preserve such exclusion from gross income with respect to the 2020A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action and refrain from taking any action, and the City will make no use of the proceeds of the 2020A Bonds or of any other moneys or property, which would cause the 2020A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The City will make no use of the proceeds of the 2020A Bonds or of any other amounts or property, regardless of the source, and the City will not take any action or refrain from taking any action, which will cause the 2020A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City will make no use of the proceeds of the 2020A Bonds, and the City will not take or omit to take any action, that would cause the 2020A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the 2020A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City will make no use of the proceeds of the 2020A Bonds or any other amounts or property, regardless of the source, and the City will not take any action and refrain from taking any action, that would cause the 2020A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2020A Bonds for federal income tax purposes; and

(f) Miscellaneous. The City will not take any action and will refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the City in connection with the issuance of the 2020A Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the City from causing the Authority to issue revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2020A Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.06. Prompt Acquisition and Construction. The City will take all necessary and appropriate steps to acquire and construct the 2020 Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the Water System. The City will maintain and preserve the Water System in good repair and working order at all times, operate the Water System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.08. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the City which are pledged to pay the Series 2020 Installment Payments or the Bonds, or which might impair the security of the Series 2020 Installment Payments.

Section 6.09. Compliance with Contracts. The City will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System, to the extent that the City is a party thereto.

Section 6.10. Insurance.

(a) The City will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available from reputable insurance companies at reasonable rates.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement

of the damaged or destroyed portion of the Water System, except as described in the following paragraph. The City shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2020 Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2020 Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the City to retire the entire obligation evidenced hereby prior to the final due date of the Series 2020 Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the City may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System and/or not to construct other additions, betterments, extensions or improvements to the Water System; and thereupon such Net Proceeds shall be applied to the prepayment of Series 2020 Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The City will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the 2020A Bond Owners, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal water systems similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the City determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System and is, in the opinion of the Risk Manager of the City or an accredited actuary, actuarially sound.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare and file with the Authority or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ended June 30, 2020) financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee shall have no obligation to review any such financial statements.

Section 6.12. Protection of Security and Rights of the Authority. The City will preserve and protect the security hereof and the rights of the Authority to the Series 2020 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System or any part thereof, or upon the Revenues when the same shall become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges.

(a) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund, if established, on the first day of such Fiscal Year is less than the Series 2020 Installment Payments payable in such Fiscal Year, the City shall, to the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year. When calculated for purposes of this subsection, Net Revenues do not include amounts which are transferred from the Rate Stabilization Fund, if established, pursuant to Section 5.05 that are in excess of twenty-five percent (25%) of Debt Service for such Fiscal Year.

(b) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Series 2020 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to one hundred percent (100%) of Debt Service for such Fiscal Year. When calculated for purposes of this subsection, Net Revenues do not include any amounts which are transferred from the Rate Stabilization Fund, if established, pursuant to Section 5.05.

(c) The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section. To the extent that the covenant with respect to rates and charges in connection with any Bonds or Contracts differs from the foregoing covenant, the City shall also comply with the covenant with respect to rates and charges in connection with such Bonds or Contracts.

Section 6.15. Collection of Rates and Charges. Subject to State law and State executive orders, the City will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City may discontinue such service from the Water System and such service shall not thereafter be recommenced except in accordance with City by-laws or rules, regulations and the laws of the State of California governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the City files with the Trustee a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Water System that are proposed to be acquired and constructed by the City from such Net Proceeds; and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (2) the City, on the basis of such certificate filed with the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the City shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the City for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied by the City in part to the prepayment of the Series 2020 Installment Payments to be applied toward redemption of 2020A Bonds as provided in the Indenture and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of 2020A Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.17. Further Assurances. The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2020A Bonds are outstanding, the City will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the City to pay principal of and interest on the 2020A Bonds.

Section 6.19. Continued Existence of Authority. The City and the Authority will take or cause to be taken all actions reasonably necessary to continue the Authority's existence until such time as the 2020A Bonds are no longer Outstanding under the Indenture.

ARTICLE VII

PREPAYMENT OF SERIES 2020 INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The City may or shall, as the case may be, prepay from Net Proceeds as provided herein the Series 2020 Installment Payments in whole, or in part, on any date in the order of payment date as directed by the City, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) The City may prepay the Series 2020 Installment Payments as a whole, or in part, on the Business Day prior to ____ 15, 20__ or any date thereafter in the order of payment date as directed by the City, at a prepayment price equal to the principal amount of the Series 2020 Installment Payments to be prepaid, together with accrued interest thereon to the date of prepayment, without premium.

(c) Notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the City shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than forty-five (45) (or such shorter number of days as is acceptable to the Trustee) days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) if default shall be made by the City in the due and punctual payment of any Series 2020 Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Authority; provided, however, that if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such 60 day period, and corrective action is instituted by the City within such 60 day period and diligently pursued in good faith until the default is corrected, such default will not be an Event of Default under the Installment Purchase Agreement; provided, however, that such extension of the cure period shall not be longer than 180 days from the delivery date of such default notice;

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of an Event of Default, the Authority shall, by notice in writing to the City, declare the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Authority an amount that is sufficient to pay the unpaid principal amount of the Series 2020 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2020 Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Revenues thereafter received by the City shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and its assigns and thereafter to the Authority, as the case may be, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2020 Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2020 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Authority. The Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform and carry out its or his or her duties under the laws of the State of California and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2020 Project, the 2010 Projects, the Water System or other assets of the City, and no default hereunder shall result in the loss of the 2020 Project, the 2010 Projects, the Water System or other assets of the City.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the Series 2020 Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy that is conferred upon the Authority by the laws of the State of California or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the Authority herein is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the laws of the State of California or any other law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When:

(a) all or any portion of the Series 2020 Installment Payments shall have become due and payable in accordance herewith or a written notice of the City to prepay all or any portion of the Series 2020 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2020 Installment Payment Date or dates specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2020 Installment Payments, sufficient moneys or a combination of sufficient moneys and non-callable Permitted Investments that are described in clause (A) of the definition thereof, the principal of and

interest on which Permitted Investments when due will provide money that is sufficient in the opinion of an Independent Certified Public Accountant to pay all principal, prepayment premium, if any, and interest of such Series 2020 Installment Payments to their respective Series 2020 Installment Payment Dates, as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee, then and in that event, the right, title and interest of the Authority herein and the obligations of the City hereunder shall, with respect to all or such portion of the Series 2020 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of such Series 2020 Installment Payments).

In such event, upon request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments prepared by or on behalf of the City and as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the City, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2020 Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto, other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Series 2020 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2020 Installment Payments and shall be applied by the Trustee to the payment of the Series 2020 Installment Payments of the City.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability Limited. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the Series 2020 Installment Payments is a special obligation of the City payable from the Net Revenues and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City or the Authority any right, remedy or claim under or pursuant hereto, and any agreement or covenant that is required herein to be performed by or on behalf of the City or the Authority shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the City or the Authority is named or referred to herein, such reference shall be deemed to include

the successor to the powers, duties and functions that are presently vested in the City or the Authority, and all agreements and covenants which are required hereby to be performed by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No member, officer or employee of the City shall be individually or personally liable for the payment of the Series 2020 Installment Payments, but nothing contained herein shall relieve any member, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The City and the Authority hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. The Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the City. In addition to the rights and remedies assigned by the Authority to the Trustee, to the extent that the Indenture and the Installment Purchase Agreement confer upon or give or grant to the Trustee any right, remedy or claim under or by reason of the Indenture or the Installment Purchase Agreement, the Trustee is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

Section 10.08. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the Series 2020 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City: City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager

If to the Authority: Garden Grove Public Financing Authority
c/o City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Secretary

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust
Reference: Garden Grove Water Revenue Bonds, Series 2020

Section 10.11. Effective Date. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

Section 10.12. Execution in Counterparts. The Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Authority. The City hereby agrees to indemnify and hold harmless the Authority and its assigns and its officers and directors if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Authority and the City and of the Owners of the 2020A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding upon the written consents of the Owners of a majority in aggregate principal amount of the 2020A Bonds then Outstanding, exclusive of 2020A Bonds disqualified as provided in Section 11.09 of the Indenture. No such modification or amendment may: (1) extend the fixed maturity of any 2020A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020A Bond so affected; or (2) reduce the aforesaid percentage of 2020A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets

pledged under the Installment Purchase Agreement prior to or on a parity with the lien created by the Installment Purchase Agreement except as permitted herein, or deprive the Owners of the 2020A Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2020A Bonds then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the Authority and the City and of the Owners of the 2020A Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2020A Bonds, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the City contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2020A Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Installment Purchase Agreement, or in regard to matters or questions arising under the Installment Purchase Agreement, as the City may deem necessary or desirable; and (3) to modify, amend or supplement the Installment Purchase Agreement in such manner as to cause interest on the 2020A Bonds to remain excludable from gross income under the Code. No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without the written consent thereto, and prior to so consenting, the Trustee shall be entitled to receive and rely on an opinion of counsel to the effect that such amendment complies with the terms hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF GARDEN GROVE

By: _____
Mayor

ATTEST:

City Clerk

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Chair

ATTEST:

Secretary

EXHIBIT A

DESCRIPTION OF THE 2020 PROJECT AND THE 2010 PROJECTS

2020 Project

(i) a study and structural evaluation of water facilities; (ii) water main replacements; (iii) rehabilitation and upgrade of Supervisory Control and Data Acquisition and other control systems; (iv) rehabilitation of storage reservoirs and booster pump stations; (v) evaluation and rehabilitation of existing wells and/or redevelopment of new well(s); and (vi) other improvements or additions to Water System facilities as may be identified in the City's Capital Improvement Plan and other evaluations/studies from time to time.

2010 Projects

Rehabilitation of existing wells and new well construction, replacement of pump starters with variable frequency drives, replacement of natural gas engines with electric motors, various rehabilitation of booster pumps, roof repairs at underground water storage reservoirs, and higher capacity water main replacements at various priority locations; and certain other improvements or additions to the Water System as were identified in the City's Capital Improvement Plan

EXHIBIT B

PURCHASE PRICE

1. The principal amount of payments to be made by the City hereunder is \$_____.
2. The Series 2020 Installment Payments of principal and interest are payable in the amounts and on the Series 2020 Installment Payment Dates as follows:

<i>Installment Payment Date (Business Day Prior to)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total Series 2020 Installment Payment</i>
6/15/2021	\$	\$	\$
12/15/2021			
6/15/2022			
12/15/2022			
6/15/2023			
12/15/2023			
6/15/2024			
12/15/2024			
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12/15/2038			
6/15/2039			
12/15/2039			
6/15/2040			
12/15/2040			
6/15/2041			
12/15/2041			

<i>Installment Payment Date (Business Day Prior to)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total Series 2020 Installment Payment</i>
6/15/2042			
12/15/2042			
6/15/2043			
12/15/2043			
6/15/2044			
12/15/2044			
6/15/2045			
12/15/2045			
6/15/2046			
12/15/2046			
6/15/2047			
12/15/2047			
6/15/2048			
12/15/2048			
6/15/2049			
12/15/2049			
6/15/2050			
TOTAL	\$_____	\$	\$

EXHIBIT C

FORM OF SUBSTITUTION STATEMENT

Garden Grove Public Financing Authority
c/o City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Executive Director

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust
Reference: Garden Grove Water Revenue Bonds, Series 2020

The undersigned City Manager of the City of Garden Grove (the “City”) hereby states pursuant to Section 3.02 of the Installment Purchase Agreement, dated as of November 1, 2020 (the “Installment Purchase Agreement”), by and between Garden Grove Public Financing Authority and the City, that each component of the 2020 Project (as such term is defined in the Installment Purchase Agreement) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

Dated: _____, 20__

City Manager

EXHIBIT A

<i>Components of 2020 Project to be Replaced</i>	<i>Cost of Each Components of 2020 Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
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EXHIBIT D

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

**REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND**

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting City Manager of the City of Garden Grove, a municipal corporation that is organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.06 of that certain Installment Purchase Agreement, dated as of November 1, 2020 (the "Installment Purchase Agreement"), by and between the Garden Grove Public Financing Authority and the City, the undersigned hereby requests U.S. Bank National Association, as trustee for the above-captioned obligations, to disburse this date the following amounts from the Acquisition Fund established under the Indenture relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the City and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit A has been received and is final; and

(v) that there has not been filed with or served upon the City notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit A, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: _____, 20__

CITY OF GARDEN GROVE

By: _____
City Manager

EXHIBIT A
ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of November 1, 2020 (the “**Disclosure Agreement**”) is executed and delivered by the City of Garden Grove (the “**Obligor**”) and Applied Best Practices LLC as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “**Bond Indenture**”), by and between the Garden Grove Public Financing Authority and U.S. Bank National Association, as trustee. The Obligor and the Dissemination Agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligor and the Dissemination Agent, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any report provided by the Obligor pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Beneficial Owner**” shall mean 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.

“**Disclosure Representative**” shall mean the City Manager or the Director of Finance of the Obligor, or the designee thereof, or such other officer or employee as the Obligor shall designate in writing to the Dissemination Agent from time to time.

“**Dissemination Agent**” shall mean, initially, Applied Best Practices LLC, or any successor Dissemination Agent designated in writing by the Obligor and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“**Financial Obligation**” shall mean 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” shall 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**” shall mean the period from July 1 to June 30, or any other period selected by the Obligor as its fiscal year.

“**Listed Events**” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“**Official Statement**” shall mean the Official Statement relating to the Bonds, dated October __, 2020.

“**Rule**” shall mean 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.

“**State**” shall mean the State of California.

“**Underwriter**” shall mean the original underwriters of the Bonds that are required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Obligor shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, upon delivery of the Annual Report to the Dissemination Agent (if other than the Obligor), not later than March 31 of each year, commencing March 31, 2021, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement (provided that the first Annual Report may consist solely of the Official Statement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Obligor may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Obligor’s Fiscal Year changes, it shall give notice of such change to the Dissemination Agent and the Obligor shall, or shall cause the Dissemination Agent, by written direction to such Dissemination Agent, to give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to each March 31, the Obligor shall provide the Annual Report to the Dissemination Agent (if other than the Obligor). The Obligor shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Obligor and shall have no duty or obligation to review such Annual Report. If: (i) the Obligor is acting as Dissemination Agent and an Annual Report has not been provided to the MSRB by the date required in subsection (a); or (ii) if the Dissemination Agent is other than the Obligor and is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), then the Obligor or the Dissemination Agent (if other than the Obligor), as applicable, shall send a notice to the MSRB in a timely manner in substantially the form prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to March 31 the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Obligor, promptly after receipt of the Annual Report, file a report with the

Obligor certifying that the Annual Report has been filed with the MSRB pursuant to this Disclosure Agreement, and stating, to the extent that it can confirm such filing of the Annual Report, the date that it was filed.

SECTION 4. Content of Annual Reports. The Obligor's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Obligor 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 Obligor'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 contained in the audited financial statements filed pursuant to subsection (a):

(i) The principal amount of Bonds outstanding as of the December 31 preceding the Annual Report Date.

(ii) An update of the information for the prior Fiscal Year in substantially the form set forth in the following tables in the Official Statement under the caption "THE WATER SYSTEM":

1. Historical Water Sources in Acre Feet;
2. Historical Water Deliveries in Acre Feet;
3. Historical Water System Connections;
4. Historical Water System Sales Revenues; and
5. Ten Largest Water System Customers.

(iii) A description of changes to Water System rates and charges since the date of the prior Annual Report, or, for the first Annual Report, since the date of the Official Statement.

(iv) An update of the information for the prior Fiscal Year in substantially the form set forth in the following table in the Official Statement under the caption "WATER SYSTEM FINANCIAL INFORMATION":

1. Historical Water System Operating Results.

In addition to any of the information expressly required to be provided under paragraphs (i) through (iv) of this Section, the Obligor shall provide such further information, if any, as may be

necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements for debt issues of the Obligor or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Obligor shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Obligor 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:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (ix), 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.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligor, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Obligor 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:

(i) Unless described in Section 5(a)(v), 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.

(ii) Modifications to the rights of Bondholders.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of the name of a trustee.

(viii) Incurrence of a Financial Obligation of the Obligor, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligor, any of which affect security holders.

(c) If the Obligor determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Obligor, the Obligor shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(vii) and (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Bond Indenture. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (c) prior to the occurrence of such Listed Event.

(d) If the Obligor determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Obligor, the Obligor shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Obligor hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Obligor and, if the Dissemination Agent is other than the Obligor, the Dissemination Agent shall not be responsible for determining

whether the Obligor's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Obligor and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Obligor shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Obligor may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Obligor pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the Obligor and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Obligor and shall have no duty to review any information provided to it by the Obligor. 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 Obligor in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligor may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule, and provided further that the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Obligor shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Obligor. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a); and (b) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or to include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure by the Obligor or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific

performance by court order, to cause the Obligor to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Obligor or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Obligor agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Obligor for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Obligor, the Owners, or any other party. The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Bond Indenture. The obligations of the Obligor under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the Obligor) and to the Obligor as follows:

Disclosure Representative: City of Garden Grove
City Manager
11222 Acacia Parkway
Garden Grove, California 92840

Dissemination Agent: Applied Best Practices LLC
19900 MacArthur Blvd #1100
Irvine, California 92612

SECTION 13. Beneficiaries. This Disclosure Agreement inures solely to the benefit of the Obligor, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the Obligor to the undertaking herein provided.

CITY OF GARDEN GROVE

By: _____
Its: City Manager

FIELDMAN, ROLAPP & ASSOCIATES, INC., DBA
APPLIED BEST PRACTICES LLC, as Dissemination
Agent

By: _____
Its: Authorized Officer

ESCROW AGREEMENT (2010 BONDS)

THIS ESCROW AGREEMENT (2010 BONDS), dated as of November 1, 2020 (the “**Agreement**”), and entered into by and among the City of Garden Grove (the “**Agency**”), the Garden Grove Public Financing Authority (the “**Authority**”) and U.S. Bank National Association, as escrow agent (the “**Escrow Agent**”) and as Prior Trustee (as such term is defined herein), is entered into in accordance with: (i) resolutions of the Agency and the Authority adopted on October 13, 2020; and (ii) an Indenture of Trust, dated as of May 1, 2010 (the “**2010 Indenture**”), by and between the Agency and U.S. Bank National Association as trustee (the “**Prior Trustee**”), relating to the Authority’s Water Revenue Bonds, Series 2010A (Tax-Exempt) (the “**2010A Bonds**”), Series 2010B (Federally Taxable Direct Pay Build America Bonds) (“**2010B Bonds**”) and Series 2010C (Federally Taxable Recovery Zone Economic Development Bonds) (the “**2010C Bonds**” and, together with the 2010A Bonds and the 2010B Bonds, the “**Refunded Obligations**”). This Agreement is entered into to refund all of the outstanding Refunded Obligations.

RECITALS

A. Pursuant to the 2010 Indenture, the Authority previously issued: (i) the 2010A Bonds in the aggregate principal amount of \$9,305,000, of which \$3,310,000 is currently outstanding; (ii) the 2010B Bonds in the aggregate principal amount of \$4,125,000, all of which is currently outstanding; and (iii) the 2010C Bonds in the aggregate principal amount of \$3,195,000, all of which is currently outstanding.

B. The Authority has determined to issue its Water Revenue Bonds, Series 2020A (the “**2020A Bonds**”), a portion of the proceeds of which will be applied to pay, on December 15, 2020 (the “**Redemption Date**”) the principal of the Refunded Obligations maturing on and after the Redemption Date, plus interest thereon accrued to the Redemption Date, without premium (the “**Redemption Price**”).

C. The Authority and the Agency will irrevocably deposit moneys with the Escrow Agent, which moneys will be used to purchase the securities that are described on Schedule A (the “**Federal Securities**”) (as permitted by, in the manner prescribed by and all in accordance with the 2010 Indenture). Such Federal Securities satisfy the criteria that are set forth in Section 10.03 of the 2010 Indenture, and the principal of and interest on such Federal Securities when paid, together with other moneys contributed by the Agency and the Authority, will provide funds which will be fully sufficient to pay and discharge the Refunded Obligations.

AGREEMENT

SECTION 1. Deposit of Moneys. The Authority will cause U.S. Bank National Association, as trustee for the 2020A Bonds, to transfer to the Escrow Agent, on the date of issuance of the 2020A Bonds: (a) a portion of the proceeds of the 2020A Bonds in the amount of \$_____ for deposit in the 2010A Bonds Escrow Account established hereunder; (b) a portion of the proceeds of the 2020A Bonds in the amount of \$_____ for deposit in the 2010B Bonds Escrow Account established hereunder; and (c) a portion of the proceeds of the 2020A Bonds in the amount of \$_____ for deposit in the 2010C Bonds Escrow Account established hereunder.

The Authority also hereby directs the Prior Trustee to transfer to the Escrow Agent, on the date of issuance of the 2020A Bonds: (i) \$_____ held in the funds and accounts relating to the 2010A Bonds for deposit in the 2010A Bonds Escrow Account; \$_____ held in the funds and accounts relating to the 2010B Bonds for deposit in the 2010B Bonds Escrow Account; and (iii) \$_____ held in the funds and accounts relating to the 2010C Bonds for deposit in the 2010C Bonds Escrow Account.

The Escrow Agent will hold such amounts in an irrevocable escrow separate and apart from other funds of the Agency, the Authority and the Escrow Agent in separate accounts hereby created and established to be known as the “**2010A Bonds Escrow Account**,” the “**2010B Bonds Escrow Account**” and the “**2010C Bonds Escrow Account**.” The 2010A Bonds Escrow Account, the 2010B Bonds Escrow Account and the 2010C Bonds Escrow Account constitute accounts within the “**Escrow Fund**,” which is hereby created and established. Moneys in the Escrow Fund shall be applied solely as provided in this Agreement. The Agency represents that the sum of the amounts set forth above is at least equal to an amount that is sufficient to purchase the Federal Securities listed on Schedule A, and to hold \$_____ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest \$_____ of such moneys in the Federal Securities listed on Schedule A and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”) that the Federal Securities listed on Schedule A mature and bear interest that is payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay, on the Redemption Date, the applicable Redemption Prices of the respective series of outstanding Refunded Obligations maturing after the Redemption Date.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, together with an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that reinvestment is permitted under the legal documents in effect with respect to the Refunded Obligations and will not have an adverse effect on the tax status of the Refunded Obligations, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the applicable Redemption Prices of the outstanding respective series of Refunded Obligations maturing after the Redemption Date. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Agency with respect to the refunding of the Refunded Obligations or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the Agency promptly upon the receipt of such interest income by the Escrow Agent.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations that are set forth herein and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of Federal Securities purchased

in accordance with Section 3, provided that there are substituted therefor from the proceeds thereof other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded Obligations and will not have an adverse effect on the tax status of the Refunded Obligations; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the applicable Redemption Prices of the outstanding respective series of Refunded Obligations maturing after the Redemption Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Obligations.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer to the Prior Trustee for the Prior Trustee to pay, on the Redemption Date, the applicable Redemption Prices of the respective series of Refunded Obligations maturing on and after the Redemption Date, as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notice of redemption of the Refunded Obligations that is required to be mailed pursuant to Section 4.03 of the 2010 Indenture is substantially in the form that is attached hereto as Exhibit A. The notice of defeasance of the Refunded Obligations that is required to be mailed pursuant to Article X of the 2010 Indenture is substantially in the form that is attached hereto as Exhibit B. The Agency and the Authority instruct the Prior Trustee to deliver a notice of redemption of the Refunded Obligations in accordance with Section 4.03 of the 2010 Indenture (including to The Depository Trust Company) and a notice of defeasance of the Refunded Obligations on the date of issuance of the 2020A Bonds.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid by the Escrow Agent to the Agency.

(d) Priority of Payments. The owners of the applicable series of Refunded Obligations shall have a first and exclusive lien on all moneys and securities in the respective accounts of the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. Upon the deposits into the Escrow Fund as described herein: (i) the Refunded Obligations shall cease to be entitled to any benefit or security under the 2010 Indenture, and the Owners of said Refunded Obligations shall have no rights in respect thereof except to receive payment of the Redemption Price thereof; (ii) the 2010 Indenture and the pledge of Pledged Revenues and other assets made thereunder and all covenants, agreements and other obligations of the Authority thereunder shall cease, terminate, become void and be completely discharged and satisfied; (iii) all liability of the Authority in respect of such Refunded Obligations shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Prior Trustee as aforesaid for their payment, subject however, to the provisions of the 2010 Indenture; and (iv) the right, title and interest of the Authority in the Installment Purchase Agreement (as such term is defined in the 2010 Indenture) and the obligations of the City thereunder will, with respect to all or such portion of the Series 2010

Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Federal Securities applied to the payment of such Series 2010 Installment Payments).

SECTION 6. Application of Certain Terms of the 2010 Indenture. All of the terms of the 2010 Indenture relating to the making of payments of principal of and interest on the respective series of Refunded Obligations and relating to the exchange or transfer of the respective series of Refunded Obligations are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VIII of the 2010 Indenture relating to the resignation and removal and merger of the Prior Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2, 3 and 4 hereof, the Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys or securities that are held hereunder.

SECTION 9. Indemnity. The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees. In no event shall the Agency or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the sufficiency of the moneys held in the Escrow Fund to pay the Refunded Obligations or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be

taken as the statements of the Agency and the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Obligations or to the validity of this Agreement as to the Agency and the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. In no event shall the Escrow Agent be liable for any special indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Agency and the Authority shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency or the Authority whenever a person is to be added or deleted from the listing. If the Agency or the Authority elect to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Agency and the Authority understand and agree that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency or the Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency and the Authority agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that they are fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency or the Authority; (iii) that the security

procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the Agency with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Agency, provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of \$0.00; and (b) has not had any activity since the last reporting date. Upon the Agency's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The Agency and the Authority waive the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The Agency and the Authority further understand that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent may conclusively rely, as to the trust and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in accordance with this Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any facts or matter stated in such notice, instruction, request, certificate or opinion.

The liability of the Escrow Agent to make any payments under the Agreement shall be limited to the funds in the Escrow Fund.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency, the Authority and the owners from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent, the Agency and the Authority; provided, however, that the Agency, the Authority and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such

agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2010 Indenture for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of any series of the Refunded Obligations any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Obligations or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked, the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded Obligations.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Obligations have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the Refunded Obligations shall be transferred to the Agency.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Agency and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency, the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date

provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the Agency.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 21. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds thereof and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Agency in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 22. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust, Reference: Garden Grove, Series 2010. Any notice to or demand upon the Agency or the Authority shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 11222 Acacia Parkway, California 92840 (or such other address as may have been filed in writing by the Agency with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GARDEN GROVE

By: _____
City Manager

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee

By: _____
Authorized Officer

SCHEDULE A
ESCROW REQUIREMENTS

Moneys deposited in the Escrow Fund shall be invested as follows:

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
—	December 15, 2020	\$	%

The escrow requirements for the 2010A Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
December 15, 2020	\$	\$	\$	\$

The escrow requirements for the 2010B Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
December 15, 2020	\$	\$	\$	\$

The escrow requirements for the 2010C Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
December 15, 2020	\$	\$	\$	\$

EXHIBIT A

NOTICE OF FULL OPTIONAL REDEMPTION

GARDEN GROVE PUBLIC FINANCING AUTHORITY

WATER REVENUE BONDS, SERIES 2010A (TAX-EXEMPT)

WATER REVENUE BONDS, SERIES 2010B
(FEDERALLY TAXABLE DIRECT PAY BUILD AMERICA BONDS)

WATER REVENUE BONDS, SERIES 2010C
(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

BASE CUSIP 365273

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (collectively, the “2010 Bonds”) pursuant to the Indenture of Trust, dated as of May 1, 2010, by and between the Garden Grove Public Financing Authority (the “Agency”), and U.S. Bank National Association, as trustee (the “2010 Trustee”), that 2010 Bonds in the principal amount of \$9,860,000 have been called for redemption on December 15, 2020 (the “Redemption Date”). The 2010 Bonds were originally issued on May 13, 2010 and are described in the following tables.

WATER REVENUE BONDS, SERIES 2010A (TAX-EXEMPT)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BF7	2021	5.000%	\$ 805,000	100%
BG5	2022	3.750	455,000	100
BH3	2022	5.000	395,000	100
BJ9	2023	4.000	115,000	100
BK6	2023	5.000	770,000	100

WATER REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE DIRECT PAY BUILD AMERICA BONDS)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BL4	2028	6.263%	\$ 4,125,000	100%

WATER REVENUE BONDS, SERIES 2010C (FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BM2	2030	6.389%	\$ 3,195,000	100%

The 2010 Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price

of the 2010 Bonds will become due and payable on the Redemption Date. Provided that moneys for redemption have been deposited with the Trustee, interest on the 2010 Bonds will cease to accrue and be payable from and after the Redemption Date, and such 2010 Bonds will be surrendered to the 2010 Trustee and cease to be entitled to any benefit under the 2010 Indenture other than to receive payment of the Redemption Price.

To receive payment on the Redemption Date, owners of the 2010 Bonds should present and surrender said 2010 Bonds on the Redemption Date at the address of the 2010 Trustee set forth below:

Delivery Instructions

U.S. Bank
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, Minnesota 55107

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “Bondholder Information” link for Redemption instructions. You may also contact our Bondholder Communications team at 1-800-934-6802 Monday through Friday from 8 AM to 6 PM CST.

IMPORTANT NOTICE

Federal law requires the 2010 Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

If the owner of any 2010 Bond fails to deliver such 2010 Bond to the 2010 Trustee on the Redemption Date, such 2010 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2010 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2010 Trustee for such payment.

Note: The Agency and the 2010 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any 2010 Bond. They are included solely for the convenience of the holders.

U.S. BANK NATIONAL ASSOCIATION, as 2010
Trustee

November 15, 2020

EXHIBIT B

NOTICE OF DEFEASANCE

GARDEN GROVE PUBLIC FINANCING AUTHORITY

WATER REVENUE BONDS, SERIES 2010A (TAX-EXEMPT)

WATER REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE DIRECT PAY BUILD AMERICA BONDS)

WATER REVENUE BONDS, SERIES 2010C (FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

BASE CUSIP 365273

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (collectively, the “2010 Bonds”) pursuant to the Indenture of Trust, dated as of May 1, 2010 (the “Indenture”) by and between the Garden Grove Public Financing Authority (the “Agency”) and U.S. Bank National Association, as trustee (the “2010 Trustee”), that the Agency has deposited with the 2010 Trustee cash and federal securities in an amount that is sufficient to pay on December 15, 2020 the principal of all outstanding 2010 Bonds, plus accrued interest with respect thereto to such date. The 2010 Bonds were originally issued on May 13, 2010 and are described in the following tables.

WATER REVENUE BONDS, SERIES 2010A (TAX-EXEMPT)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BE0	2020	5.000%	\$ 770,000	100%
BF7	2021	5.000	805,000	100
BG5	2022	3.750	455,000	100
BH3	2022	5.000	395,000	100
BJ9	2023	4.000	115,000	100
BK6	2023	5.000	770,000	100

WATER REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE DIRECT PAY BUILD AMERICA BONDS)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BL4	2028	6.263%	\$ 4,125,000	100%

WATER REVENUE BONDS, SERIES 2010C (FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

<u>CUSIP</u>	<u>Maturity</u> <u>(December 15)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BM2	2030	6.389%	\$ 3,195,000	100%

In accordance with the 2010 Indenture and the Installment Purchase Agreement, dated as of May 1, 2010 (the “2010 IPA”), by and between the Agency and the City of Garden Grove (the “City”): (i) the 2010 Bonds have ceased to be entitled to any benefit or security under the 2010 Indenture, and the Owners of said 2010 Bonds have no rights in respect thereof except to receive payment of the Redemption Price thereof; (ii) the 2010 Indenture and the pledge of Pledged Revenues and other assets made thereunder and all covenants, agreements and other obligations of the Agency thereunder have ceased, terminated, become void and been completely discharged and satisfied; (iii) all liability of the Agency in respect of such Refunded Obligations has ceased, terminated and been completely discharged, and the Owners thereof are thereafter entitled only to payment out of such money or securities deposited with the 2010 Trustee as aforesaid for their payment, subject however, to the provisions of the 2010 Indenture; (iv) the right, title and interest of the Agency in the 2010 IPA and the obligations of the City thereunder has, with respect to all or such portion of the Series 2010 Installment Payments as have been so provided for, thereupon ceased, terminated, become void and been completely discharged and satisfied (except for the right of the 2010 Trustee and the obligation of the City to have such moneys and such federal securities applied to the payment of such Series 2010 Installment Payments); and (ii) all obligations of the Agency under the Continuing Disclosure Agreement, dated May 13, 2010, by and between the City and the 2010 Trustee, as trustee and dissemination agent, relating to the 2010 Bonds, have been terminated as of the date hereof.

No representation is made as to the correctness of the CUSIP number either as printed on any 2010 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2010 Bonds.

U.S. BANK NATIONAL ASSOCIATION, as 2010
Trustee

November __, 2020

\$ _____
**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

BOND PURCHASE AGREEMENT

_____, 2020

Garden Grove Public Financing Authority
c/o City of Garden Grove
11222 Acacia Parkway,
Garden Grove, California 92840

City of Garden Grove
11222 Acacia Parkway,
Garden Grove, California 92840

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Garden Grove Public Financing Authority (the “**Authority**”) and the City of Garden Grove (the “**City**”) for the purchase by the Underwriter of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (the “**Bonds**”). This offer is made subject to the Authority’s and the City’s acceptance by execution of this Purchase Agreement and delivery of the same to the Underwriter on or before 11:59 p.m. Pacific Time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to such acceptance. Upon the Authority’s and the City’s acceptance hereof, the Purchase Agreement will be binding upon the Authority, the City and the Underwriter.

The Authority and the City acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Authority, the City, and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as agent or Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), and has not assumed any advisory or fiduciary responsibility in favor of the Authority or the City with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Authority or the City on other matters); (iii) the only obligations the Underwriter has to the Authority and the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (iv) the Authority and the City have consulted their own legal, financial, accounting, tax and other advisors to the extent each has deemed appropriate; (v) the Underwriter has financial interests that differ from and may be adverse to those of the City and the Authority; and (vi) the Underwriter has provided the Authority and the City with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the “**MSRB**”). The Authority and the City acknowledge and represent that they have engaged Fieldman, Rolapp & Associates, Inc. as their municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely on the financial advice of Fieldman, Rolapp & Associates, Inc. with respect to the Bonds.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein will have the respective meanings set forth for such terms in the Indenture (as hereinafter defined).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the Bonds at a purchase price of \$_____ (being an amount equal to the principal amount of the Bonds (\$_____), *plus* an original issue premium of \$_____, and *less* an underwriter's discount of \$_____). The obligation of the Underwriter to purchase, accept delivery of and pay for the Bonds will be conditioned on the sale and delivery of all of the Bonds by the Authority to the Underwriter at Closing (hereinafter defined).

Section 2. Bond Terms; Purpose; Security.

(a) Bond Terms and Authorization. The Bonds will be dated their date of delivery and will mature and bear interest as shown on Exhibit A. The Bonds will be as described in, and will be issued and secured under, an Indenture of Trust, dated as of November 1, 2020 (the "**Indenture**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**"). The Bonds are payable and subject to redemption as shown in Exhibit A.

The Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code, the Authority Resolution (as hereinafter defined) and the City Resolution (as hereinafter defined).

(b) Purpose. The Authority is issuing the Bonds to provide funds to: (i) finance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its Water System; (ii) to refund the Garden Grove Public Financing Authority's Water Revenue Bonds, Series 2010A (Tax-Exempt), Series 2010B (Federally Taxable Direct Pay Build America Bonds) and Series 2010C (Federally Taxable Recovery Zone Economic Development Bonds) (collectively, the "**2010 Bonds**"); and (iii) and pay costs incurred in connection with the issuance of the Bonds. The 2010 Bonds were issued pursuant to an Indenture of Trust, dated as of May 1, 2010 (the "**2010 Indenture**"), by and between the Authority and U.S. Bank National Association as trustee (the "**Prior Trustee**").

Pursuant to an Escrow Agreement (2010 Bonds), dated as of November 1, 2020 (the "**Escrow Agreement**"), by and among the Authority, the City and U.S. Bank National Association, as escrow agent (the "**Escrow Agent**") and as trustee of the 2010 Bonds the Authority will cause a portion of the proceeds of the Bonds to be deposited into separate escrow accounts held by the Escrow Agent under the Escrow Agreement.

(c) Security. Under the Indenture, the Bonds will be secured by and payable from "**Authority Revenues**" and amounts on deposit in certain funds and accounts established by the Indenture. Authority Revenues includes installment payments (the "**Series 2020 Installment Payments**") received by the Authority or the Trustee pursuant to or with respect to an Installment Purchase Agreement, dated as of November 1, 2020 (the "**Installment Purchase Agreement**"), by and between the City and the Authority.

Under the Installment Purchase Agreement, the Series 2020 Installment Payments are to be secured by an irrevocable pledge of "**Revenues**" and payable from "**Net Revenues**" (each as defined therein). Net Revenues generally consist of revenues of the Water System less operation and maintenance costs of the Water System, as more particularly described in the Installment Purchase Agreement. The obligation of the City to make Series 2020 Installment Payments will be payable from Net Revenues on a parity with the City's obligation to pay debt service on the City of Garden Grove Water Revenue Refunding Bonds, Series 2015

(the “**2015 Bonds**”). The 2015 Bonds were issued pursuant to an Indenture of Trust, dated as of October 1, 2015 (the “**2015 Indenture**”), by and between the City and U.S. Bank National Association, as trustee.

Section 3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Exhibit A. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter, provided that the Underwriter shall not change any of the principal amounts or the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Bonds are subject to redemption as set forth in Exhibit A.

Section 4. Official Statement; Continuing Disclosure. (a) The Authority and the City have delivered to the Underwriter the Preliminary Official Statement dated _____, 2020 (the “**Preliminary Official Statement**”) and will deliver to the Underwriter a final official statement dated the date of this Purchase Agreement (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Agreement, the “**Official Statement**”). Subsequent to its receipt of the Authority’s and the City’s 15c2-12 Certificate, in substantially the form attached hereto as Exhibit B, deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as amended (“**Rule 15c2-12**”), the Underwriter has distributed copies of the Preliminary Official Statement. The Authority and the City hereby ratify the use by the Underwriter of the Preliminary Official Statement and authorize the Underwriter to use and distribute in printed and/or electronic format the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12, and any supplements and amendments thereto as have been approved by the Authority and the City as evidenced by the execution and delivery of such document by an officer of the Authority and the City), the Indenture, the Installment Purchase Agreement, the Escrow Agreement, this Purchase Agreement, the Continuing Disclosure Agreement (hereinafter defined), and all information contained therein, and all other documents, certificates and written statements furnished by the Authority and the City to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter.

The Underwriter hereby agrees to deliver a copy of the Official Statement to the MSRB through the Electronic Municipal Marketplace Access website of the MSRB on or before the date of the Closing and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12. The Authority and the City agree to deliver to the Underwriter as many copies of the Official Statement as the Underwriter will reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12. The Authority and the City agree to deliver the final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under Rule 15c2-12 and Rule G-32 of the MSRB.

(b) The Underwriter agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the Closing and (2) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

(c) In connection with issuance of the Bonds, and in order to assist the Underwriter with complying with the provisions of Rule 15c2-12, the City will execute a Continuing Disclosure Agreement (the “**Continuing Disclosure Agreement**”) by and between the City and Applied Best Practices, LLC, as Dissemination Agent, under which the City will undertake, on behalf of the Authority, to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Agreement is attached as an appendix to the Preliminary Official Statement and will be attached as an appendix to the final Official Statement.

Section 5. Representations, Warranties and Covenants of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “**State**”) and has all necessary power and authority to adopt the Authority Resolution (as hereinafter defined), to enter into and perform its duties under the Indenture, the Installment Purchase Agreement, the Escrow Agreement, and this Purchase Agreement (collectively, the “**Authority Agreements**”) and, when executed and delivered by the respective parties thereto, each Authority Agreement will constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms.

(b) The Board of Directors (the “**Board**”) of the Authority has taken official action by a resolution adopted on _____, 2020 (the “**Authority Resolution**”) adopted by a majority of the members of the Board at a regular meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Authority Agreements and the Official Statement and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby.

(c) By all necessary official action, the Authority has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds and the Authority Agreements, and the consummation by it of all other transactions contemplated by the Authority Resolution, the Authority Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by the respective parties thereto, the Authority Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The statements and information contained in the Official Statement relating to the Authority and the Bonds (other than information relating to DTC and its book-entry only system) are correct and complete in all material respects, and the information contained in the Official Statement (other than information relating to DTC and its book-entry only system) does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the Authority or, to the best knowledge of the Authority, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of Authority Agreements or the Bonds; or (iii) in any way question or affect the Authority Agreements or the transactions contemplated by the Authority Agreements, the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Agreement or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements.

(g) Any certificate signed by any official of the Authority authorized to do so will be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) Except as previously disclosed to the Underwriter, the Authority is not in default, and at no time has the Authority defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i)

(1) If between the date of this Purchase Agreement and the date which is 25 days following the End of the Underwriting Period (as defined below), any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. **“End of the Underwriting Period”** will mean the later of: (i) the date of the Closing, and (ii) the date the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, provided that unless the Underwriter notifies the Authority on or prior to the date of the Closing that it retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, the End of the Underwriting Period will be deemed to have occurred on the date of the Closing.

(2) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter’s Counsel (hereinafter defined). If any event relating to or affecting the Authority occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will use its best efforts to assist the Underwriter in preparing (at the expense of the Authority for 90 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Except as disclosed in the Official Statement, the Authority has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 during the past five years.

(k) The Authority will comply with the defeasance and redemption provisions of the 2010 Indenture in connection with the refunding of all of the outstanding 2010 Bonds.

(l) The Authority covenants with the Underwriter that the Authority will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdiction of the United States as the Underwriter may reasonably request; provided, however, that the Authority shall not be required to consent to suit or to service

of process, or to qualify to do business, in any jurisdiction. The Authority consents to the use by the Underwriter of the Authority Agreements, the Preliminary Official Statement and the Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Bonds.

Section 6. Representations, Warranties and Covenants of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The City is a municipal corporation and general law city that is duly organized and existing under the Constitution of the State (the “**State**”) and has all necessary power and authority to adopt its resolution adopted on _____, 2020 (the “**City Resolution**”), to enter into and perform its duties under the Installment Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Agreement and this Purchase Agreement (collectively, the “**City Agreements**”) and, when executed and delivered by the respective parties thereto, the City Agreements will constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms.

(b) The city council (the “**City Council**”) of the City has taken official action by adopting the City Resolution by a majority of the members of the City Council at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the City Agreements and the Official Statement and the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated hereby.

(c) By all necessary official action, the City has duly adopted the City Resolution, has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the City Agreements, and the consummation by it of all other transactions contemplated by the City Resolution, the City Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by the respective parties thereto, the City Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the City’s acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Official Statement (other than any information concerning the Authority, the Depository Trust Company and the book-entry system for the Bonds or provided by the Underwriter) do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the City or, to the best knowledge of the City, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of City Agreements or the Bonds, or (iii) in any way question or affect the Purchase Agreement or the transactions contemplated by the Purchase Agreement, the Official Statement, or any other agreement or instrument to which the City is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of this Purchase Agreement or the consummation by the City of the other transactions contemplated by the Official Statement or the City Agreements.

(g) Any certificate signed by any official of the City authorized to do so will be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) Except as previously disclosed to the Underwriter, the City is not in default, and at no time has the City defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i)

(1) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City since June 30, 2019, and there has been no occurrence or circumstance or combination thereof that is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Agreement and the date which is 25 days following the End of the Underwriting Period, any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(3) After the Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the City occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the City will use its best efforts to assist the Underwriter in preparing (at the expense of the City for 90 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, the City has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 in the past five years. The report of Lumesis, Inc. dated _____, 2020 (the "**Continuing Disclosure Due Diligence Report**") identifies all of the issues for which the Authority and the City were obligated to provide continuing disclosure under Rule 15c2-12 during the past five years.

(k) The City does not need the consent of its auditor to include its comprehensive annual financial report for the fiscal year ended June 30, 2019 as an appendix to the Official Statement.

(l) The City will comply with the defeasance and redemption provisions of the 2010 Indenture in connection with the refunding of all of the outstanding 2010 Bonds.

(m) The City covenants with the Underwriter that the City will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdiction of the United States as the Underwriter may reasonably request; provided, however, that the City shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The City consents to the use by the Underwriter of the City Agreements, the Preliminary Official Statement and the Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Bonds.

Section 7. The Closing. (a) At 8:30 A.M., Pacific Time, on _____, 2020, or on such earlier or later time or date as may be agreed upon by the Underwriter, the Authority and the City (the “**Closing**”), the Authority will deliver the Bonds to the Underwriter, through the book-entry system of The Depository Trust Company (“**DTC**”). Prior to the Closing, the Authority and the City will deliver, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“**Bond Counsel**”) in Newport Beach, California, or such other place as is mutually agreed upon by the Underwriter and the Authority, the other documents described in this Purchase Agreement. On the date of the Closing, the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee.

(b) The Bonds will be issued in fully registered form and will be prepared and delivered as one Bond for each maturity registered in the name of a nominee of DTC. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto will constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

Section 8. Conditions to Underwriter’s Obligations. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Authority and the City of their respective obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter’s obligations under this Purchase Agreement are and will also be subject to the sale, issuance and delivery of the Bonds as well as the following conditions:

(a) The representations and warranties of the Authority and the City contained in this Agreement will be true and correct in all material respects on the date of this Purchase Agreement and on and as of the date of the Closing as if made on the date of the Closing;

(b) As of the date of the Closing, the Official Statement may not have been amended, modified or supplemented, except in any case as may have been agreed to by the Underwriter;

(c) (i) As of the date of the Closing, the Authority Resolution, the City Resolution, the Authority Agreements and the City Agreements will be in full force and effect, and will not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, (ii) the Authority will perform or have performed all of its obligations required under or specified in the Authority Resolution, the Authority Agreements and this Purchase Agreement to be performed at or prior to the date of the Closing; and (iii) the City will perform or have performed all of its obligations required under or specified in the City

Resolution, the City Agreements and this Purchase Agreement to be performed at or prior to the date of the Closing;

(d) As of the date of the Closing, all necessary official action of the Authority relating to the Authority Agreements, the Authority Resolution and the Official Statement, and all necessary official action of the City relating to the City Agreements, the City Resolution, and the Official Statement, will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect, except as may have been agreed to by the City and Underwriter; and

(e) As of or prior to the date of the Closing, the Underwriter will have received each of the following documents:

(1) Certified copies of the Authority Resolution and the City Resolution.

(2) Duly executed copies of the Indenture, the Installment Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Agreement, and this Purchase Agreement.

(3) The Preliminary Official Statement and the Official Statement, with the Official Statement duly executed on behalf of the Authority and the City.

(4) An approving opinion of Bond Counsel, dated as of the Closing, as to the validity of the Bonds, the exclusion of interest on the Bonds from federal gross income, and the exclusion of interest on the Bonds from State income taxation addressed to the Authority and the City substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter and the Trustee.

(5) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) The Purchase Agreement, the Installment Purchase Agreement, and the Escrow Agreement have been duly executed and delivered by the Authority, and are valid and binding upon the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(ii) The Purchase Agreement, the Installment Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Agreement have been duly executed by the City, and are valid and binding upon the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(iii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) The statements contained in the Official Statement on the cover and under the headings "INTRODUCTION," "FINANCING PLAN," "THE BONDS," "SECURITY FOR THE BONDS," "TAX EXEMPTION," in "APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT AND THE INDENTURE," and "APPENDIX C – FORM OF BOND COUNSEL OPINION," insofar as such statements purport to describe certain provisions of the Bonds, the Indenture, the Installment Purchase Agreement and the Escrow Agreement,

and the opinion of Bond Counsel regarding the tax-exempt nature of the Bonds, present a fair and accurate summary of the provisions thereof.

(6) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel to the Authority, addressed to the Underwriter, to the effect that: We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as disclosure counsel to the Authority and the City, we have reviewed certain documents as described above and have participated in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our review of documents and our participation in the above-mentioned conferences, and with the assumptions described in the second preceding paragraph, we advise you that, during the course of our assistance in the preparation of the Preliminary Official Statement and the Official Statement, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such representation that caused us to believe that the Preliminary Official Statement and the Official Statement, as of their date and as of the date of this letter contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that we express no opinion or belief with respect to: (i) the expressions of opinion, the assumptions, the projections, the financial statements or other financial, numerical, economic, demographic or statistical data contained in the Preliminary Official Statement and the Official Statement, (ii) any CUSIP numbers or information relating thereto contained in the Preliminary Official Statement and the Official Statement, (iii) any information contained in the appendices to the Preliminary Official Statement and the Official Statement, (iv) any information with respect to the Depository Trust Company and its book entry system for the Bonds contained or incorporated in the Preliminary Official Statement and the Official Statement, (v) any information incorporated by reference into the Preliminary Official Statement and the Official Statement, (vi) information with respect to the rating on the Bonds and the rating agency referenced in the Preliminary Official Statement and the Official Statement, and (vii) compliance by the City with its obligations to provide notices of the events described in Part (b)(5)(i)(C) of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule") or to file annual reports described in Part (b)(5)(i)(A) of the Rule, which compliance we have not reviewed pursuant to your direction).

(7) An opinion or opinions of Woodruff Spradlin & Smart, Costa Mesa, California, as General Counsel and City Attorney, dated as of the Closing addressed to the Authority, the City, the Trustee and the Underwriter, in form and substance acceptable to the Underwriter, to the effect that:

(i) The City is a municipal corporation and general law city duly organized and existing under the Constitution of the State. The City Council is the governing body of the City.

(ii) The City has all necessary power and authority to adopt the City Resolution, and to enter into and perform its duties under the City Agreements, and, when executed and delivered by the respective parties thereto, the City Agreements will each constitute a legal, valid and binding obligation of the City enforceable in accordance with its respective terms, except as such enforcement may be limited by bankruptcy, moratorium and the exercise of equitable principles where equitable remedies are sought.

(iii) The City Resolution was duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the City Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

(iv) The execution and delivery by the City of the City Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the City is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound in a manner which could materially adversely affect the City's performance under the City Agreements.

(v) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which could materially adversely affect, the performance by the City of its obligations under the City Agreements have been obtained and are in full force and effect.

(vi) To the best of the City Attorney's knowledge, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the City (A) affecting the existence of the City or the titles of its City Council members or its officers to their respective offices, (B) seeking to restrain or to enjoin the issuance or sale of the Bonds, (C) in any way contesting or affecting the validity or enforceability of the City Resolution or the City Agreements, (D) in any way contesting the powers of the City to issue or sell the Bonds or its authority with respect to the City Resolution or the City Agreements, (E) in any way contesting or affecting any of the rights, powers, duties or obligations of the City with respect to the money or property pledged or to be pledged under the Installment Purchase Agreement, or (F) in any way questioning the accuracy of the statements in the Preliminary Official Statement or the Official Statement.

(vii) The Authority is a joint exercise of powers authority organized and validly existing under the laws of the State. The Board of Directors of the Authority is the governing body of the Authority.

(viii) The Authority has all necessary power and authority to adopt the Authority Resolution, and to enter into and perform its duties under the Authority Agreements and, when executed and delivered by the respective parties thereto, the Authority Agreements will each constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms, except as such enforcement may be limited by bankruptcy, moratorium and the exercise of equitable principles where equitable remedies are sought.

(ix) The Authority Resolution was duly adopted at a regular meeting of the Authority's Board of Directors, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

(x) To the best of the City Attorney's knowledge, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Authority (A) affecting the existence of the Authority or the titles of its Board members or its officers to their respective offices, (B) seeking to restrain or to enjoin the issuance or sale of the Bonds, (C) in any way contesting or affecting the validity or enforceability of the Authority Resolution or the Authority Agreements, (D) in any way contesting the powers of the Authority to issue or sell the Bonds or its authority with respect to the Authority Resolution or the Authority Agreements, (E) in any way contesting or affecting any of the rights, powers, duties or obligations of the Authority with respect to the money or property pledged or to be pledged under the Indenture or (F) in any way questioning the accuracy of the statements in the Preliminary Official Statement or the Official Statement.

(xi) The execution and delivery by the Authority of the Authority Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the Authority is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound in a manner which would materially adversely affect the Authority's performance under the Authority Agreements.

(xii) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Authority of its obligations under the Authority Agreements have been obtained and are in full force and effect.

(8) A letter of Jones Hall, A Professional Law Corporation ("**Underwriter's Counsel**"), addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(9) An executed certificate or certificates of the Authority and the City, dated as of the date of the Preliminary Official Statement, substantially in the form attached as Exhibit B.

(10) An executed closing certificate of the Authority, dated as of the Closing, in the form attached as Exhibit C.

(11) An executed closing certificate of the City, dated as of the Closing, in the form attached as Exhibit D.

(12) The opinion of counsel to U.S. Bank National Association ("**U.S. Bank**"), as Trustee and Escrow Agent, dated as of the Closing, addressed to the Authority, the City and the Underwriter to the effect that:

(i) U.S. Bank is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization, and has the corporate power to execute and deliver, and to perform its obligations under, the Indenture and the Escrow Agreement.

(ii) The Indenture and the Escrow Agreement have been duly authorized, executed and delivered by U.S. Bank, and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture and the Escrow Agreement constitute the valid and legally binding agreement of U.S. Bank enforceable in accordance with their respective terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(iii) U.S. Bank has duly authenticated the Bonds.

(iv) To the best knowledge of U.S. Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or threatened against U.S. Bank which in the reasonable judgment of U.S. Bank would affect the existence of U.S. Bank or in any way contesting or affecting the validity or enforceability of the Indenture or the Escrow Agreement or contesting the powers of U.S. Bank or its authority to enter into and perform its obligations thereunder.

(13) A certificate of U.S. Bank, as Trustee and Escrow Agent, dated as of the Closing, in the form attached as Exhibit E.

(14) A tax certificate duly signed on behalf of the Authority and the City in form and substance acceptable to Bond Counsel and the Underwriter.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission.

(16) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system.

(17) Evidence that the Bonds have received the ratings described in the Official Statement.

(18) A defeasance opinion of Bond Counsel, in form and substance acceptable to the Underwriter, relating to the 2010 Bonds.

(19) A copy of the Continuing Disclosure Due Diligence Report.

(20) A certificate of Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor, in substantially the form attached hereto as Exhibit F.

(21) A certificate of the City, dated the date of the Closing, confirming that the conditions for the issuance of the Bonds on a parity with the 2015 Bonds set forth in Section 6.14 of the 2015 Indenture have been satisfied in connection with the issuance of the Bonds as of such date.

(22) A verification report of Causey Demgen & Moore P.C. confirming the sufficiency of the deposits in the escrow account established under the Escrow Agreement to defease and redeem the outstanding 2010 Bonds as provided in the Escrow Agreement.

(23) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by

the Authority and the City with legal requirements, the truth and accuracy, as of the date of the Closing, of the representations of the Authority and the City herein contained and of the Official Statement and the due performance or satisfaction by the Authority and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Agreement will be deemed to be in compliance with the provisions of this Purchase Agreement if, but only if, they are in form and substance satisfactory to the Underwriter. If the Authority and the City are unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds will be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement will terminate and neither the Underwriter, the Authority nor the City will be under further obligations hereunder, except that the respective obligations of the Authority, the City and the Underwriter set forth in Section 12 of this Purchase Agreement will continue in full force and effect.

Section 9. Conditions to Authority's and City's Obligations. The performance by the Authority and the City of their respective obligations under this Purchase Agreement are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority and the City of opinions addressed to the Authority and the City, and receipt by the Underwriter of opinions addressed to the Underwriter, and the delivery of certificates being delivered on the date of the Closing by persons and entities other than the Authority and the City.

Section 10. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that the Underwriter's reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering

price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

Section 11. Termination Events. The Underwriter will have the right to terminate the Underwriter’s obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State by the Governor of the State in an executive communication, affecting the tax status of the Authority or the City, its property or income, its bonds (including the Bonds) or the interest thereon or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended;

(b) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(c) there occurs a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(d) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission is issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(e) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the obligations of the general character of the Bonds, including the Bonds, are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(f) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof is imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those

now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter;

(h) a general banking moratorium is established by federal, New York or State authorities;

(i) any legislation, ordinance, rule or regulation is introduced in or enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the opinion of the Underwriter, after consultation with the Authority and the City, materially adversely affects the market price of the Bonds;

(j) any federal or California court, authority or regulatory body takes action materially and adversely affecting the payment or receipt of the principal and interest on the Bonds;

(k) any withdrawal, downgrading or placement on credit watch negative of any underlying rating of any securities of the Authority or the City by a national municipal bond rating agency that, in the opinion of the Underwriter, adversely affects the market price of the Bonds;

(l) an event occurs which in the reasonable opinion of the Underwriter requires a supplement or amendment to the Official Statement and: (i) the City or the Authority refuses to prepare and furnish such supplement or amendment; or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(m) additional material restrictions that are not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(n) the commencement of any action, suit or proceeding that is described in Section 5(e) and 6(e).

Section 12. Payment of Expenses. (a) The Underwriter will be under no obligation to pay, and the Authority and/or the City will pay the following expenses incident to the performance of the Authority's and the City's obligations hereunder:

(i) the fees and disbursements of the Authority's municipal advisor and of Bond Counsel and Disclosure Counsel;

(ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Sections 5 and 6 of this Purchase Agreement);

(iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Authority or the City; and

(iv) any other expenses and costs of the Authority and the City incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The City and the Authority will be under no obligation to pay, and the Underwriter will pay, any fees of the California Debt and Investment Advisory Commission, the cost of obtaining CUSIP numbers, the cost of preparation of any “blue sky” or legal investment memoranda and this Purchase Agreement; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of Underwriter’s Counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Bonds.

Section 13. Notices. Any notice or other communication to be given to the Authority or the City under this Purchase Agreement may be given by delivering the same in writing to the Authority and the City at the addresses set forth on the first page of this Purchase Agreement, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Sara Brown.

Section 14. Survival of Representations, Warranties, Agreements. All of the Authority’s and the City’s representations, warranties and agreements contained in this Purchase Agreement will remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this Section and in Section 12 will survive any termination of this Purchase Agreement.

Section 15. Benefit; No Assignment. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including its successors and assigns), and no other person will acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Agreement are not subject to assignment by the Underwriter, the Authority or the City without the prior written consent of the other parties hereto.

Section 16. Severability. In the event that any provision of this Purchase Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Purchase Agreement.

Section 17. Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute the Purchase Agreement by signing any such counterpart.

Section 18. Governing Law. This Purchase Agreement will be governed by the laws of the State.

Section 19. Effectiveness. This Purchase Agreement will become effective upon the execution of the acceptance hereof by an authorized officer of the Authority and the City, and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**, as Underwriter

By: _____
Authorized Officer

Accepted:

**GARDEN GROVE PUBLIC FINANCING
AUTHORITY**

By: _____
Authorized Representative

Time of Execution: _____ California Time

CITY OF GARDEN GROVE

By: _____
Authorized Representative

Time of Execution: _____ California Time

EXHIBIT A

MATURITY SCHEDULE

Maturity (December 15)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule
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T: Term Bond.

C: Priced to optional redemption date of December 15, 20__, at par.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed immediately after the execution of this Purchase Agreement.

REDEMPTION

Optional Redemption. The Bonds with stated maturities on or after December 15, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on _____, 20__ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on December 15, 20__ are subject to mandatory sinking fund redemption in part (by lot) on December 15, 20__ and each December 15 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (December 15)</i>	<i>Principal Amount</i>
20__	\$
20__	
20__	
20__	
20__*	

* Maturity.

If some but not all of the Bonds maturing on December 15, 20__ are redeemed as described under the subcaptions “—Optional Redemption” or “—Extraordinary Redemption from Net Proceeds of Insurance or Condemnation,” the principal amount of the applicable Bonds to be redeemed pursuant to the Indenture on any subsequent December 15 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions may not exceed the aggregate amount of the applicable Bonds redeemed.

Extraordinary Redemption from Net Proceeds of Insurance or Condemnation. The Bonds will be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

EXHIBIT B

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Garden Grove (the “City”) and the Garden Grove Public Financing Authority (the “Authority”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City and the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the bonds captioned above (the “Bonds”) in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Authority and the City (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

Dated:

CITY OF GARDEN GROVE

By: _____
Authorized Officer

**GARDEN GROVE PUBLIC
FINANCING AUTHORITY**

By: _____
Authorized Officer

EXHIBIT C

\$ _____
GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A

CLOSING CERTIFICATE OF THE AUTHORITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the Garden Grove Public Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(i) The representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement dated _____, 2020, among the Authority, the City of Garden Grove and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Purchase Agreement"), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The Authority Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented.

(iii) The Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the operations of the Authority, as described in the Official Statement.

(v) The Preliminary Official Statement as of its date and the date of the Purchase Agreement and the Official Statement as of its date and the date of the Closing (other than any information it contains concerning The Depository Trust Company and the book-entry system for the Bonds or provided by the Underwriter) do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given in the Bond Purchase Agreement.

Dated:

**GARDEN GROVE PUBLIC
FINANCING AUTHORITY**

By: _____
Authorized Officer

EXHIBIT D

**\$ _____
GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

CLOSING CERTIFICATE OF THE CITY

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Garden Grove (the “City”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City as follows:

(i) The representations, warranties and covenants of the City contained in the Bond Purchase Agreement dated _____, 2020, among the City, the Garden Grove Public Financing Authority and Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Purchase Agreement”), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The City Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented.

(iii) The City has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the City, whether or not arising in the ordinary course of operations, as described in the Official Statement.

(v) The Preliminary Official Statement as of its date and the date of the Purchase Agreement and the Official Statement as of its date and the date of the Closing (other than any information it contains concerning The Depository Trust Company and the book-entry system for the Bonds or provided by the Underwriter) do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given in the Purchase Agreement.

Dated:

CITY OF GARDEN GROVE

By: _____
Authorized Officer

EXHIBIT E

\$ _____ GARDEN GROVE PUBLIC FINANCING AUTHORITY WATER REVENUE BONDS, SERIES 2020A

CLOSING CERTIFICATE OF U.S. BANK NATIONAL ASSOCIATION

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of U.S. Bank National Association (“U.S. Bank”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of U.S. Bank as follows:

(i) U.S. Bank has all necessary power to enter into the following documents (collectively, the “Documents”): (i) Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by and between the Garden Grove Public Financing Authority (the “Authority”) and U.S. Bank; and (ii) Escrow Agreement (2010 Bonds), dated as of November 1, 2020, by and among the Authority, the City of Garden Grove (the “City”) and U.S. Bank, as escrow agent and trustee, relating to the 2010 Bonds;

(ii) The Documents have been duly authorized, executed and delivered by U.S. Bank, and the Documents each constitute the legal, valid and binding obligation of U.S. Bank enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained is or will be required for the execution and delivery of the Documents or the performance by U.S. Bank of its duties and obligations under the Documents;

(iv) The execution and delivery by U.S. Bank of the Documents and compliance with the terms of the Documents will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which U.S. Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties (except that no representation, warranty or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations);

(v) To the best knowledge of U.S. Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or threatened against U.S. Bank which in the reasonable judgment of U.S. Bank would affect the existence of U.S. Bank or in any way contesting or affecting the validity or enforceability of the Documents or contesting the powers of U.S. Bank or its authority to enter into and perform its obligations thereunder; and

(vi) U.S. Bank has duly authenticated the Bonds.

Capitalized terms used but not defined herein have the meanings given in the Bond Purchase Agreement dated _____, 2020, among the City, the Authority and Stifel, Nicolaus & Company, Incorporated, as underwriter.

Dated:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

By: _____
Authorized Officer

EXHIBIT F

\$ _____
GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned hereby states and certifies that:

(i) the undersigned is an authorized officer of Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”), which has acted as municipal advisor to the Garden Grove Public Financing Authority and the City of Garden Grove in connection with the issuance of the above-referenced bonds (the “Bonds”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) the Municipal Advisor has reviewed the Preliminary Official Statement dated _____, 2020 and the final Official Statement dated _____, 2020 (the “Official Statement”) relating to the Bonds; and

(iii) nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement as of its date or the date of the pricing of the Bonds or the Official Statement as of its date or the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Dated:

FIELDMAN, ROLAPP & ASSOCIATES, INC.,
as Municipal Advisor

By: _____
Authorized Officer

EXHIBIT G

\$ _____
GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Bond Purchase Agreement.** On _____, 2020 (the “Sale Date”), Stifel and the Issuer executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. Stifel has not modified the Purchase Agreement since its execution on the Sale Date.
2. **Price.**
 - (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) was the respective price for such Maturity listed in **Schedule A** attached hereto.
 - (b) [Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as **Schedule B**.
 - (c) As set forth in the Bond Purchase Agreement, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]
 - (d) [** With respect to each of the General Rule Maturities of the Bonds:
 - (1) As of the date of this Certificate, Stifel has not sold at least 10% of the Bonds of these Maturities at any single price.
 - (2) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached **Schedule A** as the “Reasonably Expected Sale Prices for Undersold Maturities.”

- (3) Stifel will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Stifel will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

3. *Defined Terms.*

- (a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
 - (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
 - (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - (d) “*Issuer*” means the Garden Grove Public Financing Authority.
 - (e) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - (g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
4. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2020 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

By: _____
Director

Dated: _____, 2020

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	---------------	------------------	------------------	-------------------	-------------------

[**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
-----------------------	---------------	-------------------	------------------------

**]

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
------------------------------	-------------------------	-------------------------	--------------------------	--------------------------

**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$ _____
**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Issue Price.***

- (a) Stifel sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).
- (b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on **Exhibit A** attached hereto.

2. ***Defined Terms.***

- (a) “*Issuer*” means the Garden Grove Public Financing Authority.
- (b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) “*Underwriter*” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

- 3. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2020 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded

from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
[Title]

By: _____
[Title]

Dated: _____, 2020

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2020

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption "TAX EXEMPTION."

NEW ISSUE – BOOK-ENTRY ONLY

Rating: See the caption "RATING"

\$ _____ *

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

Dated: Date of Delivery

Due: December 15, as shown on inside front cover page

The Bonds are being issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in denominations of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds is payable on June 15 and December 15 of each year, commencing June 15, 2021. Payment of the principal of and interest on the Bonds is to be made to Cede & Co., which is to disburse said payments to the Beneficial Owners of the Bonds through their nominees.

The Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity, all as more fully described herein.

The Bonds are being issued to provide funds: (i) to finance the acquisition and construction of certain improvements to the City's Water System; (ii) to refund the Garden Grove Public Financing Authority's Water Revenue Bonds, Series 2010A (Tax-Exempt), Series 2010B (Federally Taxable Direct Pay Build America Bonds) and Series 2010C (Federally Taxable Recovery Zone Economic Development Bonds); and (iii) to pay costs incurred in connection with the issuance of the Bonds.

The Bonds are being issued pursuant to the Indenture of Trust, dated as of November 1, 2020, by and between the Garden Grove Public Financing Authority and U.S. Bank National Association, as trustee. THE BONDS ARE A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM AUTHORITY REVENUES, WHICH CONSIST OF SERIES 2020 INSTALLMENT PAYMENTS TO BE MADE BY THE CITY TO THE AUTHORITY PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT, DATED AS OF NOVEMBER 1, 2020, BY AND BETWEEN THE CITY AND THE AUTHORITY, AND FROM CERTAIN OTHER FUNDS AND ACCOUNTS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the City to make the Series 2020 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City's Water System on a parity with obligations which are outstanding in the aggregate principal amount of \$3,805,000. The City may incur additional obligations payable from Net Revenues on a parity with the obligation to pay Series 2020 Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement, as more fully described herein.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2020 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE CITY'S WATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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 delivered to and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. The Underwriter is being represented by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. Certain legal matters will be passed upon for the Authority and the City by Woodruff Spradlin & Smart, Costa Mesa, California, as General Counsel and City Attorney, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about November 3, 2020.

STIFEL

Dated: October __, 2020

* Preliminary, subject to change.

\$ _____ *

GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A

MATURITY SCHEDULE

BASE CUSIP[†] _____

\$ _____ Serial Bonds

<i>Maturity</i> <i>(December 15)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

\$ _____ % Term Bonds Due December 15, 2050, Yield: _____ %, Price: _____, CUSIP[†] _____

* Preliminary, subject to change.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright[®] 2020 CUSIP Global Services. All rights reserved. CUSIP[®] data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP[®] numbers are provided for convenience of reference only. None of the Authority, the City or the Underwriter takes any responsibility for the accuracy of such numbers.

GARDEN GROVE PUBLIC FINANCING AUTHORITY
Orange County, California

Board of Directors

Steven R. Jones, Chair
John R. O'Neill, Vice Chair
George S. Brietigam III, Board Member
Diedre Thu-Ha Nguyen, Board Member
Patrick Phat Bui, Board Member
Stephanie Klopfenstein, Board Member
Kim B. Nguyen, Board Member

CITY OF GARDEN GROVE
Orange County, California

City Council

Steven R. Jones, Mayor
John R. O'Neill, Mayor Pro Tem, Council Member, District 2
George S. Brietigam III, Council Member, District 1
Diedre Thu-Ha Nguyen, Council Member, District 3
Patrick Phat Bui, Council Member, District 4
Stephanie Klopfenstein, Council Member, District 5
Kim B. Nguyen, Council Member, District 6

City Staff

Scott C. Stiles, City Manager
Patricia Song, Director of Finance
Bill Murray, Public Works Director
Teresa Pomeroy, CMC, City Clerk

Special Services

Authority General Counsel/City Attorney
Woodruff Spradlin & Smart
Costa Mesa, California

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

Municipal Advisor
Fieldman, Rolapp & Associates, Inc.
Irvine, California

Trustee/Escrow Agent
U.S. Bank National Association
Los Angeles, California

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

No dealer, broker, salesperson or other person has been authorized by the City or the Authority 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 or the Authority. 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 Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 the Authority 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,” “THE WATER SYSTEM” and “WATER SYSTEM FINANCIAL INFORMATION.”

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.

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

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 there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms that are used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The Bonds are being issued to provide funds: (i) to finance the acquisition and construction of certain improvements to the City's Water System, as described under the caption "FINANCING PLAN—The 2020 Project;" (ii) to refund the Garden Grove Public Financing Authority's Water Revenue Bonds, Series 2010A (Tax-Exempt), Series 2010B (Federally Taxable Direct Pay Build America Bonds) and Series 2010C (Federally Taxable Recovery Zone Economic Development Bonds), as described under the caption "FINANCING PLAN—Refunding Plan;" and (iii) to pay costs incurred in connection with the issuance of the Bonds. See the caption "FINANCING PLAN—Estimated Sources and Uses of Funds."

Security for the Bonds. The Bonds are a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2020 Installment Payments to be made by the City to the Authority pursuant to the Installment Purchase Agreement and amounts on deposit in certain funds and accounts established by the Indenture. Neither the full faith and credit nor any other revenues or funds of the Authority are pledged to or available for the payment of debt service on the Bonds. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the City to make Series 2020 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City's Water System, which consist of Revenues of the City's Water System remaining after payment of Operation and Maintenance Costs. See the caption "SECURITY FOR THE BONDS."

The obligation of the City to make Series 2020 Installment Payments is payable from Net Revenues on a parity with the City's Water Revenue Refunding Bonds, Series 2015, which are currently outstanding in the aggregate principal amount of \$3,805,000. See the caption "THE CITY—Outstanding Parity Bonds and Contracts."

The obligation of the City to make the Series 2020 Installment Payments under the Installment Purchase Agreement is absolute and unconditional, and until such time as all payments that are required thereunder have been paid in full (or provision for the payment thereof has been made as provided for in the Installment Purchase Agreement), the City will not discontinue or suspend any Series 2020 Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2020 Project has been completed, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2020 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL

SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund. No reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.

Rate Covenant. In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund, if established, on the first day of such Fiscal Year is less than the Series 2020 Installment Payments payable in such Fiscal Year, the City will, to the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 125% of the Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include amounts which are transferred from the Rate Stabilization Fund, if established, that are in excess of 25% of Debt Service for such Fiscal Year.

In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Series 2020 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 100% of Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include any amounts which are transferred from the Rate Stabilization Fund, if established.

See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

Additional Indebtedness. The Installment Purchase Agreement does not permit the City to make any additional pledge of, or to place any additional lien on, the Revenues, or any portion thereof, which is senior to the pledge and lien securing the payment of the Series 2020 Installment Payments. The Installment Purchase Agreement does permit the City to incur Parity Bonds and Contracts which are payable on a parity with the Series 2020 Installment Payments provided that certain conditions are satisfied as described herein. Nothing in the Installment Purchase Agreement precludes the City from entering into obligations which are Operation and Maintenance Costs and, therefore, payable from Revenues prior to the Series 2020 Installment Payments, or from issuing any bonds or executing any contracts the payments under which are payable from Net Revenues on a subordinate basis to the Series 2020 Installment Payments, Parity Bonds and Contracts of the City. See the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

Redemption. The Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity. See the caption “THE BONDS—Redemption.”

The City and the Water System. The City was incorporated in 1956 under the general laws of the State of California. The City occupies a land area of approximately 17.9 square miles and serves a residential population of approximately 175,000. The City is located in northern Orange County, approximately 35 miles south of the City of Los Angeles. Land use in the City is primarily residential, with areas of commercial and industrial development.

The City supplies potable water to approximately 31,315 residential, 1,653 commercial and 1,491 industrial and other connections within the boundaries of the City and a small portion of the unincorporated area of the County adjacent to the City.

The City has two water sources: (i) groundwater that is extracted from 11 City-owned wells in the Orange County Groundwater Basin; and (ii) treated water that is imported from the Colorado River and northern and central California by The Metropolitan Water District of Southern California and purchased by the City from the Municipal Water District of Orange County, an MWD member agency. The City has recently voluntarily

stopped groundwater extractions from two of its wells as a result of State regulations relating to substances known as PFAS, as described under the caption “THE WATER SYSTEM—Water Quality—PFAS.” The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service.

See the captions “THE CITY,” “THE WATER SYSTEM” and “WATER SYSTEM FINANCIAL INFORMATION,” as well as Appendix A, for further information about the City and the Water System.

\$ _____ *

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2020A**

INTRODUCTION

This Official Statement, including the front cover page, the inside front cover page and the appendices, provides certain information concerning the sale and delivery of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (the “**Bonds**”). Descriptions and summaries of various documents that are set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Capitalized terms that are used and not otherwise defined in this Official Statement have the meanings ascribed thereto in Appendix B.

The Bonds are being issued to provide funds: (i) to finance the acquisition and construction of certain improvements (the “**2020 Project**”) to the Water System of the City of Garden Grove (the “**City**”), as described under the caption “FINANCING PLAN—The 2020 Project;” (ii) to refund the Garden Grove Public Financing Authority’s Water Revenue Bonds, Series 2010A (Tax-Exempt), Series 2010B (Federally Taxable Direct Pay Build America Bonds) and Series 2010C (Federally Taxable Recovery Zone Economic Development Bonds) (collectively, the “**2010 Bonds**”), as described under the caption “FINANCING PLAN—Refunding Plan;” and (iii) to pay costs incurred in connection with the issuance of the Bonds. See the caption “FINANCING PLAN—Estimated Sources and Uses of Funds.”

The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “**Indenture**”), by and between the Garden Grove Public Financing Authority (the “**Authority**”) and U.S. Bank National Association, as trustee (the “**Trustee**”). The Bonds are limited obligations of the Authority payable solely from Authority Revenues, which consist of payments (the “**Series 2020 Installment Payments**”) to be made by the City (the “**City**”) to the Authority pursuant to an Installment Purchase Agreement (the “**Installment Purchase Agreement**”), dated as of November 1, 2020, by and between the City and the Authority, and amounts on deposit in certain funds and accounts established by the Indenture.

The obligation of the City to make Series 2020 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City’s Water System, which consist of Revenues of the Water System remaining after payment of Operation and Maintenance Costs. See the caption “SECURITY FOR THE BONDS.”

The obligation of the City to make Series 2020 Installment Payments from Net Revenues is on a parity with the obligation of the City to pay the City of Garden Grove Water Revenue Refunding Bonds, Series 2015 (the “**2015 Bonds**”), which are currently outstanding in the aggregate principal amount of \$3,805,000. The City may incur additional obligations payable from Net Revenues on a parity with the obligation to pay Series 2020 Installment Payments, as described under the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

The City regularly prepares a variety of reports, including audits, budgets and related documents. Any Bond Owner may obtain a copy of such report, as available, from the City. The City has also undertaken to provide annual reports to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“**EMMA**”), which is accessible on the Internet at <http://emma.msrb.org>, pursuant to a continuing disclosure agreement. See the caption “CONTINUING DISCLOSURE” and Appendix E.

* Preliminary, subject to change.

FINANCING PLAN

The 2020 Project

The 2020 Project consists of: (i) a study and structural evaluation of water facilities; (ii) water main replacements; (iii) rehabilitation and upgrade of Supervisory Control and Data Acquisition and other control systems; (iv) rehabilitation of storage reservoirs and booster pump stations; (v) evaluation and rehabilitation of existing wells and/or redevelopment of new well(s); and (vi) other improvements or additions to Water System facilities as may be identified in the City's Capital Improvement Plan and other evaluations/studies from time to time.

The City expects to comply with all governmental approval, environmental review, public bidding and other permitting requirements for each component of the 2020 Project as required by law, and to complete all components of the 2020 Project by late 2023.

Pursuant to the Installment Purchase Agreement, the City may substitute or add additional projects to the 2020 Project. See Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—ACQUISITION AND CONSTRUCTION OF PROJECTS—Changes to the 2020 Project."

Refunding Plan

General. The Authority previously issued the 2010 Bonds, which are currently outstanding in the aggregate principal amount of \$15,390,000, pursuant to an Indenture of Trust, dated as of May 1, 2010 (the "**2010 Indenture**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**2010 Trustee**"). The 2010 Bonds are payable from installment payments made under the Installment Purchase Agreement, dated as of May 1, 2010 (the "**2010 IPA**"), by and between the City and the Authority. The Authority plans to apply a portion of the proceeds of the Bonds to refund the 2010 Bonds in full.

Under an Escrow Agreement (2010 Bonds), dated as of November 1, 2020 (the "**2010 Escrow Agreement**"), by and among the City, the Authority and the 2010 Trustee, the Authority will cause a portion of the proceeds of the Bonds to be delivered to the 2010 Trustee for deposit in the escrow fund established under the 2010 Escrow Agreement (the "**2010 Escrow Fund**"). In addition, the Authority will cause the 2010 Trustee to deposit into the 2010 Escrow Fund certain moneys held by the 2010 Trustee in funds and accounts established in connection with the 2010 Bonds.

The 2010 Trustee will invest a portion of the amounts deposited in the 2010 Escrow Fund in federal securities as set forth in the 2010 Escrow Agreement. From the moneys on deposit in the 2010 Escrow Fund and the investment earnings thereon, the 2010 Trustee will pay on December 15, 2020 the principal of the 2010 Bonds maturing on and after such date, together with accrued interest thereon, without premium.

Sufficiency of the deposits in the 2010 Escrow Fund for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "**Verification Agent**"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2010 Escrow Agreement, the 2010 Bonds will be defeased pursuant to the provisions of the 2010 IPA and the 2010 Indenture as of the date of issuance of the Bonds.

Verification. Upon the issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited in the 2010 Escrow Fund to pay on December 15, 2020 the principal of the 2010 Bonds maturing on after such date, together with accrued interest thereon, without premium.

The amounts held by the 2010 Trustee in the 2010 Escrow Fund are pledged solely to the payment of the 2010 Bonds. Neither the funds deposited in the 2010 Escrow Fund nor any interest thereon will be available for the payments of principal of or interest on the Bonds.

Estimated Source and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds:

Sources⁽¹⁾	
Principal Amount of Bonds	\$
Plus/Less Net Original Issue Premium/Discount	
City Contribution ⁽²⁾	
Total Sources	\$
Uses⁽¹⁾	
Deposit to Acquisition Fund	\$
Transfer to 2010 Trustee to Refund 2010 Bonds	
Costs of Issuance ⁽²⁾	
Total Uses	\$

(1) Amounts rounded to the nearest dollar. Totals may not add due to rounding.

(2) Reflects moneys held in funds and accounts established in connection with the 2010 Bonds.

(3) Includes certain legal, municipal advisory, financing, rating agency, Verification Agent and Trustee fees, Underwriter's discount and printing costs.

THE BONDS

General Provisions

The Bonds will be issued in the aggregate principal amount of \$_____.* The Bonds will bear interest from and be dated the date of initial issuance, and will be payable upon maturity on the dates set forth on the inside front cover page hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing June 15, 2021.

Interest will be calculated at the rates set forth on the inside front cover page hereof on the basis of a year of 360 days comprised of twelve 30 day months.

The Bonds will be delivered only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See the caption “—Book-Entry Only System” and Appendix D.

In the event that the book-entry only system that is described below is discontinued, the principal of and interest on any Bond will be payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the Office of the Trustee in Los Angeles, California. Such principal and interest will be payable in lawful money of the United States of America.

* Preliminary, subject to change.

Book-Entry Only System

One fully-registered Bond will be issued for each maturity of the Bonds in the principal amount of the Bonds of such maturity. Each such Bond will be registered in the name of Cede & Co. and will be deposited with DTC. As long as the ownership of the Bonds is registered in the name of Cede & Co., the term “**Owner**” as used in this Official Statement will refer to Cede & Co. and not to the actual purchasers of the Bonds (the “**Beneficial Owners**”).

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D for additional information concerning DTC.

Transfers and Exchanges Upon Termination of Book-Entry Only System

In the event that the book-entry system that is described above is discontinued, the Bonds will be printed and delivered as provided in the Indenture. Thereafter, any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Prior to any transfer of the Bonds outside the book entry system (including, but not limited to, the initial transfer outside the book entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, as amended. The Trustee will conclusively rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. The Trustee will require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Redemption

Optional Redemption. The Bonds with stated maturities on or after December 15, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the Authority in a

Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on _____, 20__ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on December 15, 20__ are subject to mandatory sinking fund redemption in part (by lot) on December 15, 20__ and each December 15 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (December 15)</i>	<i>Principal Amount</i>
20__	\$
20__	
20__	
20__	
20__*	

* Maturity.

If some but not all of the Bonds maturing on December 15, 20__ are redeemed as described under the subcaptions “—Optional Redemption” or “—Extraordinary Redemption from Net Proceeds of Insurance or Condemnation,” the principal amount of the applicable Bonds to be redeemed pursuant to the Indenture on any subsequent December 15 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions may not exceed the aggregate amount of the applicable Bonds redeemed.

Extraordinary Redemption from Net Proceeds of Insurance or Condemnation. The Bonds will be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. See Appendix B under the captions “INSTALLMENT PURCHASE AGREEMENT—COVENANTS OF THE CITY—Insurance” and “INSTALLMENT PURCHASE AGREEMENT—COVENANTS OF THE CITY—Eminent Domain Proceeds.”

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

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the Authority in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 20 days nor more than 60 days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and will designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption

Notice of redemption having been duly given as described above under the caption “—Notice of Redemption,” and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price. All Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

DEBT SERVICE SCHEDULE

Set forth below is a schedule of debt service on Parity Bonds and Contracts of the City which are payable on a parity with the Series 2020 Installment Payments as well as debt service on the Bonds, which equals the Series 2020 Installment Payments for each annual period ending on December 15 in the years indicated.

<i>Period Ending December 15</i>	<i>Parity Bonds and Contracts⁽¹⁾</i>	<i>Bonds</i>			<i>Total Debt Service</i>
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2020	\$	\$	\$	\$	\$
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
TOTAL	\$	\$	\$	\$	\$

⁽¹⁾ Reflects scheduled debt service on the 2015 Bonds. See the caption "THE CITY—Outstanding Parity Bonds and Contracts." Excludes debt service on the 2010 Bonds, which are expected to be refunded from proceeds of the Bonds. See the caption "FINANCING PLAN—Refunding Plan."

Source: Fieldman, Rolapp & Associates, Inc.

SECURITY FOR THE BONDS

General

Each Bond is a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2020 Installment Payments to be made by the City under the Installment Purchase Agreement and certain other funds and accounts established pursuant to the Indenture. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account that is established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

The Authority, for good and valuable consideration in hand received, has irrevocably assigned and transferred to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth in the Indenture, all of its rights, title, and interest in all Series 2020 Installment Payments payable by the City pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds). Such assignment is subject to and limited by the terms of the Indenture.

There is established under the Indenture with the Trustee the 2020A Bond Payment Fund, which the Trustee has covenanted to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2020 Installment Payments remain unpaid. Except as directed in the Indenture, all Authority Revenues will be promptly deposited by the Trustee upon receipt thereof into the 2020A Bond Payment Fund; except that all moneys received by the Trustee and required under the Indenture to be deposited in the Redemption Fund will be promptly deposited therein. All Authority Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also create and maintain an Interest Account and a Principal Account within the 2020A Bond Payment Fund.

The Trustee will transfer from the 2020A Bond Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the day preceding each date on which the interest on the Bonds become due and payable under the Indenture, the Trustee will deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

(b) Not later than the day preceding each date on which the principal of the Bonds become due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee will apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Series 2020 Installment Payments Payable From Net Revenues

The obligation of the City to make the Series 2020 Installment Payments is payable solely from Net Revenues of the City's Water System, which consist of Revenues of the City's Water System remaining after the payment of Operation and Maintenance Costs of the City's Water System. All Revenues (as such term is defined below) of the City's Water System and all amounts on deposit in the Revenue Fund have been irrevocably pledged to the payment of the Series 2020 Installment Payments as provided in the Installment Purchase Agreement. The Revenues will not be used for any other purpose while any of the Series 2020 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement, including but not limited to the payment of Operation and Maintenance Costs of the Water System.

The term "**Revenues**" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges or other moneys derived by the City from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the City with respect to the Water System; (3) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above including City Water System reserves; (4) any interest payments on Bonds or Contracts reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program; but excluding (x) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City; (y) any proceeds of taxes or assessments restricted by law to be used by the City to pay Bonds or Contracts or other obligations heretofore or hereafter issued; and (z) revenues of any water system acquired through merger, consolidation or similar action to the extent that the exclusion of such acquired water system is required pursuant to the terms of such merger, consolidation or similar action.

Upon the maturity or earlier redemption of the 2015 Bonds: (i) "Revenues" will also include all amounts transferred from the Rate Stabilization Fund, if such a fund is established, to the Revenue Fund during any Fiscal Year in accordance with the Installment Purchase Agreement; and (ii) "Revenues" will not include any amounts transferred from the Revenue Fund to the Rate Stabilization Fund, if such a fund is established, during any Fiscal Year in accordance with the Installment Purchase Agreement. See the caption "—Rate Stabilization Fund."

The above-described pledge, together with the pledge created by all other Bonds and Contracts (as such terms are defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions" and referred to in the forepart of this Official Statement as "**Parity Bonds and Contracts**" or "**Parity Bonds or Contracts**," as applicable), constitutes a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Installment Purchase Agreement, the Revenue Fund and other funds and accounts created thereunder for the payment of the Series 2020

Installment Payments and all other Parity Bonds and Contracts in accordance with the terms thereof and of the Indenture.

Notwithstanding anything contained in the Installment Purchase Agreement, the City is not required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due under the Installment Purchase Agreement or for the performance of any agreements or covenants that are required to be performed by it contained therein. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2020 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE CITY'S WATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Allocation of Revenues

In order to carry out and effectuate the pledge and lien on Revenues contained in the Installment Purchase Agreement, the City has agreed and covenanted that all Revenues will be received by the City in trust and deposited when and as received in a special fund designated as the "**Revenue Fund**," which fund has been established and which fund the City has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund will be used and applied by the City as provided in the Installment Purchase Agreement.

The City will, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund will be set aside by the City at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds will be held in trust and applied, used and withdrawn only for the purposes authorized in the Installment Purchase Agreement:

(a) 2020A Bond Payment Fund. On or before each Series 2020 Installment Payment Date, the City will, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2020A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the 2020A Bonds on the next succeeding Series 2020 Installment Payment Date. The City will also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the 2020A Bond Payment Fund on each Series 2020 Installment Payment Date (other than amounts that are required for the payment of past due principal or interest with respect to any 2020A Bonds not presented for payment) will be credited to the payment of the Series 2020 Installment Payments due and payable on such date. No deposit need be made in the 2020A Bond Payment Fund as Series 2020 Installment Payments if the amount in the 2020A Bond Payment Fund is at least equal to the amount of the Series 2020 Installment Payment that is due and payable on the next succeeding Series 2020 Installment Payment Date.

(b) Reserve Funds. On or before each Series 2020 Installment Payment Date, the City will, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to reserve funds or accounts established for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the City at any time for any purpose permitted by law or deposited in the Rate Stabilization Fund, if established.

Rate Covenant

Pursuant to the Installment Purchase Agreement, the City has covenanted to set rates and charges for the Water System as follows:

(a) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund, if established, on the first day of such Fiscal Year is less than the Series 2020 Installment Payments payable in such Fiscal Year, the City will, to the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 125% of the Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include amounts which are transferred from the Rate Stabilization Fund, if established, to the Revenue Fund that are in excess of 25% of Debt Service for such Fiscal Year.

(b) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Series 2020 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 100% of Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include any amounts which are transferred from the Rate Stabilization Fund, if established.

(c) The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but may not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements. To the extent that the covenant with respect to rates and charges in connection with any Bonds or Contracts differs from the foregoing covenant, the City will also comply with the covenant with respect to rates and charges in connection with such Bonds or Contracts.

No Reserve Fund

No reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.

Additional Parity Bonds and Contracts

The City is currently obligated to make payments under outstanding Parity Bonds and Contracts which are described under the caption "THE CITY—Outstanding Parity Bonds and Contracts." The City may at any time execute or issue additional Parity Bonds or Contracts, as the case may be, in accordance with the Installment Purchase Agreement; provided that:

(a) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the

issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, produce a sum equal to at least 125% of the Debt Service for such twelve month period. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant to the Indenture that are in excess of 25% of Debt Service for such Fiscal Year; and

(b) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by a report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, shall have produced a sum equal to at least 125% of the Debt Service for such twelve month period plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or such proposed additional Bonds been issued at the beginning of such twelve month period. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant the Indenture that are in excess of 25% of Debt Service for such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project to be financed from proceeds of such Contracts or Bonds, as evidenced by a certificate of the City Manager on file with the City, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the City Manager on file with the City, will produce a sum equal to at least 125% of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Rate Stabilization Fund

Upon the maturity or earlier redemption of the 2015 Bonds, the City is authorized but not required to establish a special fund designated as the "Rate Stabilization Fund." If the City elects to establish a Rate Stabilization Fund, such fund will be held by the City in trust under the Installment Purchase Agreement. The City has agreed and covenanted to maintain and to hold such fund, if established, separate and apart from other funds so long as any Parity Bonds or Contracts remain unpaid. Money transferred by the City from the Revenue Fund to the Rate Stabilization Fund, if established, in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund, if established, and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the Series 2020 Installment Payments are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Any such amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund in accordance with the Installment Purchase Agreement constitute pledged Revenues.

THE CITY

General

The City was incorporated in 1956 under the general laws of the State of California (the “**State**”). The City occupies a land area of approximately 17.9 square miles and serves a residential population of approximately 175,000. The City is located in northern Orange County (the “**County**”), approximately 35 miles south of the City of Los Angeles. Land use in the City is primarily residential, with areas of commercial and industrial development. See the caption “—Land Use and Service Area.”

The City provides a full range of municipal services, including public safety (police), street construction and maintenance, engineering and development services, sanitation, water and sewer utilities, culture and recreation, public improvements and general administrative and support services. As of August 16, 2019, the Orange County Fire Authority has assumed responsibility for fire protection services within the City.

The City supplies potable water to approximately 31,315 residential, 1,653 commercial and 1,491 industrial and other connections within the boundaries of the City and a small portion of the unincorporated area of the County adjacent to the City.

The City has two water sources: (i) groundwater that is extracted from 11 City-owned wells in the Orange County Groundwater Basin (the “**Basin**”); and (ii) treated water that is imported from the Colorado River and northern and central California by The Metropolitan Water District of Southern California (“**MWD**”) and purchased by the City from the Municipal Water District of Orange County (“**MWDOC**”), an MWD member agency. The City has recently voluntarily stopped groundwater extractions from two of its wells as a result of State regulations relating to substances known as PFAS, as described under the caption “THE WATER SYSTEM—Water Quality—PFAS.” The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service.

The Water System includes approximately 436 miles of water mains, 8 storage tanks with a total storage capacity of approximately 53 million gallons (which would be sufficient to serve the Water System’s customers for approximately 2 days, assuming water use based on historical averages) and 5 booster stations. See the caption “THE WATER SYSTEM—General.”

Land Use and Service Area

The City provides potable water to a service area of 18 square miles, including the territory within City limits and a small portion of the unincorporated area of the County adjacent to the City. The Water System’s service area is largely built out, with only infill development expected in the future. The service area encompasses single family and multi-family residences as well as areas of commercial, industrial and public agency land uses.

All of the land within the Water System’s service area is served by the City alone. New residents and businesses in the service area are required to connect to the Water System.

Seismic Considerations

The City is located in a seismically active region. Significant faults are located near the City, including the Newport-Inglewood Fault. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the City, including the Water System. The City has an emergency operations plan that would be implemented under such circumstances.

Certain Water System facilities have been rehabilitated and upgraded to minimize potential damage from an earthquake. The City has also undertaken a vulnerability assessment of critical Water System facilities. The vulnerability assessment ranks City infrastructure by importance, builds redundancy into existing operations and includes contingency plans in the event of damage to City assets and succession plans for critical staff. The impact of lesser magnitude events is expected by the City to be temporary, localized and repairable. The Water System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances. All facilities have been designed and constructed in compliance with regulations set forth in the California Water Code, standards of the American Water Works Association and the City’s construction standards.

The City does not maintain earthquake insurance on Water System facilities other than the Public Works Municipal Service Center, where administrative functions of the Water System are carried out. See the captions “—City Insurance” and “CERTAIN RISKS TO BONDHOLDERS—Natural Disasters.”

Governance and Management

General. The City operates under a council-manager form of government. The City Council consists of six members elected by district for overlapping four-year terms and a mayor elected Citywide for a two-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and appointing a City Manager and a City Attorney.

City of Garden Grove Mayor and City Council

<i>Name</i>	<i>Term Expires</i>
Steven R. Jones, Mayor	2020
John R. O’Neill, Mayor Pro Tem, Council Member, District 2	2020
George S. Brietigam III, Council Member, District 1	2022
Diedre Thu-Ha Nguyen, Council Member, District 3	2022
Patrick Phat Bui, Council Member, District 4	2022
Stephanie Klopfenstein, Council Member, District 5	2020
Kim B. Nguyen, Council Member, District 6	2020

The City has nine departments. The Water System is primarily operated by the Water Services Division of the City’s Public Works Department, with support provided by the Finance Department and other departments. Department heads are overseen by the City Manager’s office. A summary of certain City executive staff are described below.

The City Manager’s office provides oversight of all City departments and directs the implementation of policies and programs adopted by the City Council. The current City Manager is Scott C. Stiles. Mr. Stiles has been with the City since 2015. Prior to coming to the City, Mr. Stiles served in a variety of roles for the City of Cincinnati, Ohio, including as Interim City Manager. He has over 30 years of experience in public administration. Mr. Stiles has a Bachelor of Science degree from South Dakota State University and Master of Community Planning degree from the University of Cincinnati.

The City’s Finance Department is led by Patricia Song, Director of Finance. Ms. Song has been with the City since 2019. Prior to coming to the City, Ms. Song served as Manager of Fiscal Services for the City of Irvine, California, Finance Manager for the City of Corona, California and Accounting Manager for the City of Ontario, California. She has over 16 years of experience in municipal finance. Ms. Song has Masters of Business Administration degrees in accounting and management information systems from California State University, San Bernardino. She is a certified public accountant.

The City's Public Works Department, including the Water System, is led by Bill Murray, Public Works Director. Mr. Murray has been with the City since 1998 and has served as Public Works Director since 2011. He has a Bachelor of Science degree from California State Polytechnic University, Pomona and is a registered professional engineer.

Management Policies. The City has adopted several policies which are designed to ensure the prudent and effective management of City operations, including a reserve policy, a debt management policy, a pension funding policy and an investment policy. Further information about such policies is set forth below.

Reserve Policy. The City's reserve policy was adopted in 2019. Under the policy, the City is committed to maintaining a General Fund reserve equal to 16.7% (or two months) of adopted General Fund operating revenues, with a goal of increasing the reserve to 30% of adopted General Fund operating revenues over time. The 30% target reserve level will be allocated as follows: (i) 16.7% will be comprised of funds in a Stability Reserve; and (ii) 13.3% will be comprised of funds in a Catastrophic Reserve.

The Stability Reserve is maintained to mitigate financial risks associated with unexpected revenue shortfalls due to changes in the economic environment. In times of economic downturn, if revenues are insufficient to meet the normal operating requirements of essential services, funds in the Stability Reserve may be used if authorized by a two-thirds vote of the City Council.

The Catastrophic Reserve is maintained to mitigate costs associated with a public emergency such as a natural disaster or other unforeseen event. The reserve will not be used to meet operational shortfalls or to fund new programs or personnel. Moneys in the Catastrophic Reserve will be expended only as necessary to ensure the safety of the City's residents and their property.

Should actual General Fund revenues exceed expenditures and encumbrances/carryovers, a year-end operating surplus will be reported. The year-end surplus may be used to fund the above-described target reserve levels as recommended by the City Manager and approved through the adoption of the biennial budget. See the caption "—Budget Process."

Debt Management Policy. The City's debt management policy was adopted in 2017 in compliance with California Government Code § 8855. The debt management policy establishes: (a) the purposes for which debt may be issued; (b) the types of debt that may be issued; (c) the relationship of the City's debt to its capital improvement program and budget; (d) policy goals related to the City's planning goals and objectives; and (e) internal control procedures governing City debt.

Pension Funding Policy. The City's pension funding policy was adopted in 2019. Under the policy, the City resolved to establish a plan to pay down its pension liabilities and/or stabilize future contribution rates. In accordance with the policy, the City Council adopted a resolution in November 2019 to establish an Internal Revenue Code § 115 trust (the "**Section 115 Trust**"), an irrevocable pension trust that is intended to pre-fund the City's pension liabilities. As of August 31, 2020, the City held \$1,426,909 in the Section 115 Trust. In addition, under the policy, pension fund contributions (based on actuarially determined contributions which are calculated in a manner that fully funds long-term costs while keeping contributions stable and equitably allocating costs over employees' period of service) have the same budget priority as other personnel costs such as salaries and benefits. The pension funding policy also requires the City to contribute no less than the full actuarially determined contribution each year, and pension benefit increases that require a contract amendment may not be approved until the City's pension plan reaches 100% funded status. See the caption "WATER SYSTEM FINANCIAL INFORMATION—Pension Obligations" for a description of the City's Miscellaneous pension plan and the Section 115 Trust.

Investment Policy. The City invests its funds in accordance with its investment policy, which is updated annually and complies with California Government Code § 53600 *et seq.* The policy sets forth the policies and procedures which are applicable to the investment of City funds and designates eligible investments.

The investment policy sets forth a stated objective, among others, of ensuring the safety of invested funds by limiting credit and market risks, with the 6-month Treasury bill serving as the City's yield benchmark. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

Eligible investments include the Local Agency Investment Fund which is operated by the California State Treasurer ("LAIF"), United States Government agency, Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank securities with a maximum maturity of 5 years, certificates of deposit (limited to 30% of the portfolio) and banker's acceptances (limited to 180-day maturities and 30% of the portfolio), among other investments.

The Finance Department is required to provide a monthly report to the City Council showing the type of investment, date of maturity, amount invested, current market value, rate of interest and other such information as may be required by the City Council. As of June 30, 2020 the City had an investment portfolio of approximately \$279 million (excluding amounts held in the Section 115 Trust that is described under the caption "WATER SYSTEM FINANCIAL INFORMATION—Pension Obligations" and bond-related reserves). As of such date, the City had invested approximately 27% of its investment portfolio in LAIF, 48% in federal agency securities and 25% in Treasuries. Approximately \$20 million of the City's \$279 million investment portfolio was attributable to the Water System as of June 30, 2020. For additional information with respect to the City's cash and investments, see Note C.1 to the City's audited financial statements set forth in Appendix A.

Employees

As of June 30, 2020, the City had approximately 560 full-time equivalent employees. Certain employees of the City are represented by employee associations. In accordance with the provisions of California Government Code § 3500, the City participates in labor negotiations with its employee associations. The result of the negotiations processes are memorialized in memoranda of understanding ("MOUs") between the City and the employee associations. Employees that operate and support the Water System are represented by the Orange County Employees' Association, Garden Grove Chapter, under an MOU that expires on June 30, 2022 and the Orange County Employees' Association, Garden Grove Employees League, under an MOU that expires on June 30, 2022. Salaries and benefits for non-represented management employees of the Water System are established by resolution. The City has not experienced a strike, slowdown or work stoppage.

Budget Process

A key element of the City's financial management process is the development and approval of a biennial budget. The City's Municipal Code requires the City Manager to prepare and submit the proposed budget and salary plan to the City Council for approval every two years. The City Council conducts several public budget review sessions to obtain taxpayer input prior to adopting the budget at a public meeting. The legal level of budgetary control is at the department level. The City Council may amend the budget to increase or decrease appropriations or move appropriations between funds. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments.

The budget for Fiscal Years 2020 and 2021 was adopted on June 25, 2019. Subsequently, during mid-cycle review, the amended budget for Fiscal Year 2021 (reflecting anticipated effects of the COVID-19 pandemic and associated economic recession) was adopted by City Council on June 23, 2020.

City Insurance

The City is self-insured for the first \$1 million of workers' compensation, per occurrence. Excess coverage is in place with a joint powers authority and commercial insurers up to the statutory limits. The City is also self-insured for the first \$2 million of general liability, per occurrence. Excess coverage is in place with a joint powers authority and commercial insurers up to an additional \$33 million, per occurrence.

The City maintains property coverage through the Public Entity Insurance Program which provides up to \$275 million per occurrence, "All Risks" coverage, and \$100 million per occurrence for Boiler and Machinery Coverage. The City also maintains earthquake coverage for scheduled buildings up to \$23.5 million per occurrence. The City's earthquake coverage does not include Water System facilities other than the Public Works Municipal Service Center, where administrative functions of the Water System are carried out.

Certain portions of the Water System, including pipelines, are not covered by the City's property insurance. See the caption "CERTAIN RISKS TO BONDHOLDERS—Natural Disasters."

The City has not settled any claims that exceeded its insurance coverage in the past three years.

The City can provide no assurance that it will maintain the above insurance coverage amounts while the Bonds are outstanding. See Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Covenants of the City—Insurance" for a description of insurance coverages that are required to be maintained while the Bonds are outstanding.

Outstanding Parity Obligations

In 2015, the City issued the 2015 Bonds to refinance the acquisition and construction of certain Water System capital improvements. The 2015 Bonds, which bear interest at the rate of 2.00% per annum, are currently outstanding in the aggregate principal amount of \$3,805,000 and are payable by the City from Net Revenues of the City's Water System in semiannual installments, with a final payment due in 2023. The 2015 Bonds are payable from Net Revenues on a parity with the Series 2020 Installment Payments, which secure the Bonds.

The City is permitted to incur additional obligations that are payable from Net Revenues on a parity with the Series 2020 Installment Payments in the future upon satisfaction of the conditions that are described under the caption "SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts."

Financial Statements

A copy of the most recent audited basic financial statements of the City prepared by Davis Farr LLP, Irvine, California (the "**Auditor**") is set forth in Appendix A. The Auditor's letter dated December 4, 2019 is located at the beginning of the Financial Section therein.

The summary operating results that are contained under the caption "WATER SYSTEM FINANCIAL INFORMATION—Historical Operating Results and Debt Service Coverage" are derived from these financial statements and audited financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments), and are qualified in their entirety by reference to such statements, including the notes thereto. In addition, the City has provided estimated actual results for Fiscal Year 2020 herein.

The City accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to public entities ("**GAAP**"). Generally, the City recognizes revenues and expenses on the modified accrual basis of accounting, meaning that revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For such purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and

expenditures generally are recorded when a liability is incurred, as under accrual accounting. Accordingly, in certain cases, GAAP requires or permits moneys that are collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses that are paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. Debt service expenditures are recorded only when payment is due. See Note A.3 to the financial statements that are set forth in Appendix A. Except as otherwise expressly noted herein, all financial information that has been derived from the City's audited financial statements reflects the application of GAAP.

The Water System Fund of the City is accounted for as a proprietary fund type (enterprise fund) using the economic resources measurement focus. In governmental accounting, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges for sales and services. Operating expenses for enterprise and internal service funds include salaries and employee benefits, maintenance and operation of systems and facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

COVID-19 Outbreak

The spread of the novel strain of coronavirus 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, are having a significant impact on the City's operations and finances. In response to the increasing number of cases of COVID-19 infections and fatalities, health officials and experts have recommended, and some governments have mandated, a variety of responses ranging from travel bans and social distancing practices to complete shutdowns of certain services and facilities. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and on March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State have temporarily closed some or all school campuses (including schools within the City) in response to local and State directives or guidance. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential services. Certain aspects of the shelter-in-place directives have been extended indefinitely until indicators for modifying the stay-at-home order have been met. The County and the City have also declared a state of emergency in response to the COVID-19 outbreak.

On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "**CARES Act**") which provides, 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 are eligible for reimbursement of certain costs which are expended to address the impacts of the pandemic, although the City cannot predict what State and/or federal funding or other relief it will ultimately receive. Any funds received by the City under the CARES Act are not available for payment of the Series 2020 Installment Payments and cannot be used to backfill any City revenue losses related to COVID-19.

The effects of the COVID-19 outbreak and governmental actions responsive to it are altering 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 seen significant declines and

experienced significant volatility attributed to COVID-19 concerns. Volatility in the financial markets has impacted the California Public Employees Retirement System's ("CalPERS") earnings, which could result in a significant increase in the City's unfunded pension liability and future pension costs, commencing in Fiscal Year 2024. See the caption "WATER SYSTEM FINANCIAL INFORMATION—Pension Obligations." 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 are continuing to increase 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 the City's revenues, including as a result of reduced water use (particularly among commercial and hotel establishments), and potential declines in property values.

In response to the COVID-19 outbreak, the City has declared the Water System to be an essential service and has staggered employee shifts, enabled certain employees to telecommute and moved employees to multiple locations in order to prevent large gatherings of Water System personnel at any one time and to better maintain employees' health and the operations of the Water System. In addition, on-site personnel are wearing masks and practicing social distancing while working. Access to City Hall has been restricted and City Council meetings are occurring via teleconference. The City does not foresee an impact on Water System operations at this time as a result of the COVID-19 outbreak.

In addition, the State Governor has suspended utility service shutoffs (including for the Water System) for the duration of the public health emergency declared by the State, and the City will not seek to collect late fees or penalties. Although no service charges are being forgiven, the City expects its accounts receivable amount to increase as a result of the foregoing policy. See the caption "THE WATER SYSTEM—Water System Collection Procedures."

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 the Water System is unknown. Based on unaudited actual results, the City does not expect Fiscal Year 2020 Water System revenues or expenses to be below budgeted amounts or below audited Fiscal Year 2019 results as a result of the COVID-19 outbreak.

Similarly, the City's amended Fiscal Year 2021 budget, which includes consideration of the effect of the COVID-19 outbreak and an anticipated recession, does not reflect an expected financial impact on the Water System. The City continues to actively monitor customer usage, revenues and delinquencies so that any further impacts can be anticipated. See the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage."

CalPERS has reported a preliminary 4.7% investment return in Fiscal Year 2020, which was below its investment target. The City also expects that CalPERS' earnings could be reduced in Fiscal Year 2021 as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. The City is unable to estimate the magnitude of any such increases at this time. See the caption "WATER SYSTEM FINANCIAL INFORMATION—Pension Obligations."

As shown under the caption "THE WATER SYSTEM—Largest Water System Customers," many of the City's top water customers are commercial and industrial businesses, hotels, multi-unit residential complexes and schools. Hotel occupancy within the City, and consequently water use by such customers, was reduced in Fiscal Year 2020, and the City expects such reductions to continue in Fiscal Year 2021 as a result of the COVID-19 outbreak. However, as noted under the caption "THE WATER SYSTEM—Water System Rates and Charges—Adopted Rates and Charges," the City's water rates include fixed monthly rates that are payable

without regard to the amount of water used, which mitigates a portion of the impact of reduced water use by hotels and other commercial customers.

THE WATER SYSTEM

General

The Water System commenced operations in 1958, at which time various private water companies also served customers within the City's boundaries. In the intervening years, the City assumed responsibility for the provision of water service to such companies' customers and the City is currently the sole water service provider to customers within City limits.

The City supplies potable water to approximately 31,315 residential, 1,653 commercial and 1,491 industrial and other connections within the boundaries of the City and a small portion of the unincorporated area of the County adjacent to the City.

The City has two water sources: (i) groundwater that is extracted from 11 City-owned wells in the Basin; and (ii) treated water that is imported from the Colorado River and northern and central California by MWD and purchased by the City from MWDOC, an MWD member agency. The City has recently voluntarily stopped groundwater extractions from two of its wells as a result of State regulations relating to substances known as PFAS, as described under the caption "—Water Quality—PFAS." The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service.

The Water System includes approximately 436 miles of water mains, 8 storage tanks with a total storage capacity of approximately 53 million gallons (which would be sufficient to serve the Water System's customers for approximately 2 days, assuming water use based on historical averages) and 5 booster stations. The City also maintains several emergency interconnections with neighboring agencies.

The City does not currently supply non-potable or recycled water to customers.

Water Quality

General. The City's water sources consist of groundwater that is extracted from the Basin and potable imported water that is supplied by MWD through MWDOC. Groundwater supplies are subject to comprehensive testing by Water System staff in order to ensure that they meet all State and Federal regulatory requirements prior to delivery to customers. On occasion, groundwater from certain City wells is blended with imported water to ensure compliance with applicable standards. MWD water is treated by MWD to potable water standards as described under the caption "—Water Supply—Imported Water" before being delivered to customers.

PFAS. In 2019, the State of California Water Resources Control Board's Division of Drinking Water (the "**Division**") lowered the Notification Levels for Perfluorooctanoic acid ("**PFOA**") and Perfluorooctanesulfonic acid ("**PFOS**") to 5.1 and 6.5 parts per trillion ("**PPT**"), respectively. Notification Levels are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. In 2020, the Division lowered the Response Level (the "**RL**") for PFOA and PFOS from 70 PPT, combined, to 10 to 40 PPT, each. RLs are non-regulatory, precautionary health-based measures that are set at higher levels than Notification Levels and represent thresholds at which the Division recommends that water utilities remove a water source from use or treat it.

PFOA and PFOS are fluorinated organic chemicals which are part of a family of synthetic compounds that are known as per- and polyfluoroalkyl substances ("**PFAS**"). PFAS are water and lipid resistant substances that are useful for a variety of manufacturing processes and industrial applications. They are often present in water supplies which are in close proximity to wastewater treatment plant effluent or active or former military

installations. The City understands that recent technological advances have enabled water suppliers to detect PFAS compounds at very low concentrations.

In 2019, the City conducted testing of its groundwater sources for PFOA and PFOS. Such testing revealed the presence of PFOA and PFOS at levels above the lowered RL in two of the City's groundwater wells. As a result, the City voluntarily elected to stop groundwater production from such wells. The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service.

In order to assist water producers and facilitate the removal of PFAS from groundwater sources in the Basin, the Orange County Water District ("OCWD"), which manages the Basin, has proposed to pay for the design and construction of treatment facilities consisting of a filtering system to remove PFAS from the Basin. The City has entered into an agreement with OCWD pursuant to which OCWD will design and construct PFAS treatment facilities at OCWD's expense at the two City wells that have been shut down. The City expects such facilities to be operational within two years, at which time the City can resume production from the wells, subject to the same payments to OCWD that apply to groundwater production from other City wells which have not been impacted by PFAS. However, the appropriate design for the facilities is still being studied and there can be no assurance as to the ultimate type of facilities to be constructed or the timing of completion thereof. Although the City will be obligated to operate and maintain the PFAS treatment facilities for a period of up to 30 years, the City's agreement with OCWD enables the City to seek reimbursement from OCWD for up to half of the operation and maintenance costs of the facilities at the rate of \$75 per acre foot of groundwater produced.

The City does not anticipate that implementation of the lowered PFAS Response Level by the Division will have a material adverse effect on the operation of the Water System or the City's ability to make the Series 2020 Installment Payments. The projected operating results which are set forth under the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" assume higher water supply costs for two years as a result of the purchase of relatively more expensive imported water to replace the supplies from the two wells which have been taken out of service, and additional Operation and Maintenance Costs to operate and maintain the new treatment facilities that are being constructed by OCWD after the two year construction period. Notwithstanding the foregoing, there can be no assurance that additional State regulations related to PFOA or PFOS, or new regulations related to PFAS other than PFOA or PFOS, will not result in the imposition of additional costs on the Water System.

Water Supply

The City has two water sources: (i) groundwater that is extracted from City-owned wells in the Basin, which comprised approximately 50% of the City's water supply in Fiscal Year 2020; and (ii) treated water that is imported from the Colorado River and northern and central California by MWD and purchased by the City from MWDOC, an MWD member agency, which comprised approximately 50% of the City's water supply in Fiscal Year 2020. The City's water sources fluctuate from year depending upon the price and availability of imported water supplies, the purchase of which allows the City to maintain its groundwater supplies in the Basin for use during years when imported water is relatively more expensive.

Groundwater.

City Wells. The City produces groundwater from 11 currently active City-owned groundwater wells (not including the two wells described in the following paragraph from which the City is not currently extracting groundwater) which are located throughout the City. The City's wells draw groundwater from the Basin, which is managed by OCWD as described below under the subcaption "—OCWD." The Basin is estimated to have a total water storage capacity of approximately 66,000,000 acre feet. The City's wells have been drilled to an average depth of 1,014 feet and produce high quality water that meets all State and Federal drinking water standards. See the caption "—Water Quality—General." Total average production from the City's wells in Fiscal Year 2020 (including production from the two wells described in the following paragraph

from which the City is not currently extracting groundwater) was approximately 10 MGD, and total maximum daily production capacity from the City's wells (including the two wells that are described in the following paragraph) is approximately 55.5 MGD.

The City has recently voluntarily stopped groundwater extractions from two of its wells as a result of State regulations relating to substances known as PFAS, as described under the caption “—Water Quality—PFAS.” The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service. See the subcaption “—Imported Water” below. Accordingly, the City expects that it will purchase more imported water and produce less groundwater in Fiscal Years 2021 and 2022 compared to Fiscal Year 2020. See the captions “—Historical Water System Supply” and “—Projected Water System Supply” for historical and projected information with respect to the City's sources of water supply.

Orange County Groundwater Basin. Water used within the present boundaries of the City historically originated exclusively in the Santa Ana River watershed, an area embracing approximately 2,000 square miles in Orange, Riverside and San Bernardino Counties. The Santa Ana River originates in the San Bernardino Mountains northeast of the City of San Bernardino and flows to the southwest through San Bernardino County to Riverside County. Near the northern Riverside County border, the Santa Ana River flows through a geologic formation known as the Riverside Narrows, which acts to confine the river and the groundwater flow beneath to a narrow flow. The Santa Ana River then flows from the Riverside Narrows through Riverside County in a southwestern direction, passing into the County from the Corona area, flowing through the Santa Ana Canyon and then onto the coastal plain that constitutes most of the northwestern portion of the County. Except during periods of storm flows, the Santa Ana River flows underground for most of its length.

Early settlers along the Santa Ana River constructed facilities in the Santa Ana Canyon and Anaheim areas to divert the surface and flood flows of the Santa Ana River, primarily for irrigation purposes. As agricultural and domestic water use along the Santa Ana River increased, farmers, ranchers and municipal and private corporations began pumping water from the Basin which was recharged by the sub-surface flow of the Santa Ana River.

In 1941, the United States Army Corps of Engineers (the “**Corps**”) constructed a flood control dam on the Santa Ana River just north of the river's entrance into the Santa Ana Canyon area (“**Prado Dam**”). Since Prado Dam was completed, the Corps has operated it primarily as a flood control facility, with certain incidental water conservation activities.

Prior to 1969, Santa Ana River water users above Prado Dam in Riverside and San Bernardino Counties (the “**Upper Basin**”) and in the Basin came increasingly into conflict over water flows in the Santa Ana River. These conflicts led to a series of lawsuits which culminated in a stipulated judgment entered by the Superior Court for the County of Orange in 1969 (the “**1969 Stipulation**”) affirming a negotiated settlement of Santa Ana River water rights disputes between the Upper Basin and the Basin. Under the 1969 Stipulation, San Bernardino Valley Municipal Water District is obligated to deliver an average annual supply of 15,250 acre feet of Santa Ana River base flow to the Riverside Narrows (subject to certain adjustments which could reduce such amount but in no event below 12,420 acre feet annually). In addition, Chino Basin Municipal Water District and Western Municipal Water District are obligated to deliver an average annual supply of 42,000 acre feet of Santa Ana River base flow to Prado Dam (subject to certain adjustments which could reduce such amount to 34,000 acre feet annually), and OCWD is entitled to all storm flows reaching Prado Dam. The above-described obligations can increase under certain circumstances, if necessary to maintain water quality at Riverside Narrows or Prado Dam, as applicable. The 1969 Stipulation also includes provisions relating to inter-basin exports of water and water rights acquisitions and reserves the continuing jurisdiction of the Superior Court, but it does not adjudicate the water rights of individual water users within the Basin or the Upper Basin.

The 1969 Stipulation created a watermaster for the Santa Ana River (the “**Watermaster**”), which is a committee of five court-appointed members, including two members nominated by OCWD. The Watermaster

is charged with administration and reporting with respect to the 1969 Stipulation. If the Watermaster, which can act only upon the unanimous vote of its five members, fails or is unable to make necessary findings or determinations, the Superior Court is empowered to do so.

Sections of the Prado Dam spillway were recently determined by federal regulators to need repair. The operator of the Prado Dam (the Corps) downgraded the overall safety rating of Prado Dam from “moderate urgency” to “high urgency” as a result. Based on information provided by OCWD, the City does not believe that any proposed modifications to the operation of Prado Dam would have a material adverse impact on the capture and storage of Santa Ana River storm flows behind Prado Dam. In the event that Prado Dam undergoes repair, the Water System would not be responsible for any portion of the costs thereof.

OCWD. OCWD was formed in 1933 and has a service area that encompasses approximately 381 square miles in the County, including substantially all of the northern half of the County and all of the land within City limits. OCWD’s primary role is to manage and replenish the Basin, and the City’s groundwater production is governed by rules and regulations established by OCWD.

OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects to replenish the Basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the Basin.

In addition, and per statute, OCWD sets a basin production percentage (the “**BPP**”) for water to be extracted from the Basin. The BPP is the amount of groundwater, as a percentage of the total water demands of a groundwater pumping agency such as the City, that can be pumped from the Basin during the year by the groundwater pumping agency without incurring the additional assessment that is described in the following paragraph. It is set both annually and uniformly for all producers. Multiplying the BPP against a producer’s total water demand yields a groundwater production limit (the “**BPP formula**”), and OCWD imposes an additional assessment on the producer for all groundwater pumped in excess of that limit.

The additional assessment incurred by an agency that pumps groundwater above the limit established by the BPP formula is called the basin equity assessment (the “**BEA**”). The BEA is established annually by OCWD and is intended to discourage pumping of amounts above the BPP formula by raising the cost of producing groundwater so that it is comparable to the cost of importing water, thereby encouraging groundwater pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the Water System’s operating objectives is to minimize the production of groundwater in excess of the BPP formula in order to minimize the BEA payment. In Fiscal Year 2020, the City did not pay a BEA to OCWD.

OCWD has sought to enable groundwater producers to derive a larger percentage of their water supplies from local sources in times of Statewide drought so that such producers can reduce purchases of imported water at increased rates. For these reasons, in the last five years, the BPP has ranged from 62% to 77%, and it is currently set at 77%. See the caption “—Recent Drought.” The City currently pays OCWD a replenishment assessment of \$487 per acre foot for all groundwater pumped. In the event that the City were to produce groundwater in excess of the BPP formula, the BEA is currently equal to an additional \$547 per acre foot. The City also incurs energy costs to pump groundwater from the Basin.

Because OCWD already manages the Basin, the Basin is not subject to the provisions of the Sustainable Groundwater Management Act, a legislative effort to regulate groundwater on a Statewide basis.

OCWD faces various challenges in managing the Basin. A description of these challenges as well as a variety of other operating information with respect to OCWD is included in certain disclosure documents prepared by OCWD. OCWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCWD has also entered into certain continuing disclosure

agreements pursuant to which OCWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file annual reports, including audited financial statements and notice of specified events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”). Such official statements, other disclosure documents, annual reports and notices (collectively, the “**OCWD Information**”) are filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“**EMMA**”), which is accessible on the Internet at <http://emma.msrb.org>. The OCWD Information is not incorporated herein by reference thereto, and the City makes no representation as to the accuracy or completeness of such information. OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE BONDS TO PROVIDE OCWD INFORMATION TO THE CITY OR THE OWNERS OF THE BONDS.

OCWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION THAT IS CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCWD. OCWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY OR THE OWNERS OF THE BONDS UNDER RULE 15c2-12.

Imported Water. The City purchases treated water that is imported from the Colorado River and northern and central California by MWD. The City’s purchases are made through MWDOC, an MWD member agency.

MWD was created in 1928 by vote of the electorates of certain Southern California cities to provide a supplemental supply of water for domestic and municipal uses at wholesale to its member agencies. The MWD service area comprises approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. MWD has 26 member agencies, consisting of 14 cities, 11 municipal water districts and one county water authority. MWD is governed by a Board of Directors (the “**MWD Board**”), which currently has 38 members. Each member agency has at least one representative on the MWD Board. Representation and voting rights are based upon each member agency’s assessed valuation. The total population of the MWD service area is approximately 19 million.

MWD member agencies (including MWDOC) request water from MWD at various delivery points within MWD’s service area and pay for such water at uniform rates that are established by the MWD Board for each class of service. For planning purposes, each MWD member agency advises MWD annually in December of its anticipated delivery requirements for each of the five following fiscal years. Charges for water delivered are billed monthly and payable by the end of the second month following delivery.

MWD’s principal sources of water are Colorado River supplies which are imported through the Colorado River Aqueduct and supplies from northern and central California which are imported through the State Water Project. The same water rate is charged for water provided from each source. Colorado River water is transported from Lake Havasu through the Colorado River Aqueduct to a terminus at Lake Mathews, which is located northeast of the City in the County of Riverside. State Water Project water is delivered to southern California by MWD through the 444-mile California Aqueduct. The eastern branch of the California Aqueduct terminates at Lake Perris, which is located northeast of the City in the County of Riverside, and the western branch of the California Aqueduct terminates at Castaic Lake north of the City. Water from all sources is treated to potable water standards by MWD at the Diemer Filtration Plant, a 520 million gallon per day (“**MGD**”) capacity water treatment plant which is located northeast of the City in the City of Yorba Linda. The City maintains four connections to MWD feeder lines.

MWD supplies water through its member agencies, including the member agency in which the City is situated, MWDOC. The City currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges

are paid monthly and, as of June 30, 2020, totaled \$396,888 per year, while the service connection charge was \$12.40 per permanent potable water meter for Fiscal Year 2020 and is \$12.20 per permanent potable water meter for Fiscal Year 2021.

The following table sets forth MWD's current rates for treated water. The City does not purchase untreated water from MWD.

**The Metropolitan Water District of Southern California
Summary of Water Rates in Dollars per Acre Foot**

<i>Rates Effective Beginning⁽¹⁾</i>	<i>Full Service Domestic Treated Water Rate</i>	<i>Supply Rate</i>	<i>System Access Rate</i>	<i>Water Stewardship Rate⁽²⁾</i>	<i>System Power Rate</i>	<i>Treatment Surcharge</i>
January 1, 2020 Tier 1	\$1,078	\$208	\$346	\$65	\$136	\$323
January 1, 2020 Tier 2	1,165	295	346	65	136	323
January 1, 2021 Tier 1	1,104	243	373	0	161	327
January 1, 2021 Tier 2	1,146	285	373	0	161	327

(1) The Tier 1 rate is calculated as the amount of MWD's total supply revenue requirement that is not covered by the Tier 2 rate divided by the estimated amount of Tier 1 water sales. The Tier 2 rate is a volumetric rate that reflects MWD's cost of purchasing water transfers from northern California. The higher cost of purchasing water at the Tier 2 rate is intended to encourage MWD customers and retail users to maintain existing local supplies and develop cost-effective local supply resources and conservation. The City has not historically purchased water at the Tier 2 rate and does not expect to do so in the future.

(2) The Water Stewardship Rate will not be imposed in calendar years 2021 or 2022. The Water Stewardship Rate for calendar year 2023 and thereafter has not yet been determined by the MWD Board.

Source: City.

MWD faces various challenges in the continued supply of imported water to MWD. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. MWD has also entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file annual reports, including audited financial statements and notice of specified events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the "**MWD Information**") are filed with EMMA. The MWD Information is not incorporated herein by reference thereto, and the City makes no representation as to the accuracy or completeness of such information. MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE BONDS TO PROVIDE MWD INFORMATION TO THE CITY OR THE OWNERS OF THE BONDS.

MWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION THAT IS CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY OR THE OWNERS OF THE BONDS UNDER RULE 15c2-12.

Recent Drought

State Orders. On January 17, 2014, after several years of below-average precipitation in the State, the State Governor declared a drought state of emergency (the "**Declaration**") with immediate effect. The Declaration encouraged local urban water suppliers, including the City, to implement their local water shortage

contingency plans; the City's plan is discussed under the caption "—Water Shortage Contingency Plan." The Declaration also required the State of California Department of Water Resources ("DWR") and the State Water Resources Control Board (the "SWRCB") to craft and enforce numerous emergency regulations that were designed to reduce water usage and increase water supplies.

For instance, a May 2015 SWRCB regulation required the City to effect a 20% reduction from its 2013 potable water usage. On May 18, 2016, the SWRCB adopted a revised regulation that gave water agencies the ability to establish their own conservation standards based on a "stress test" of supply reliability. By June 22, 2016, water agencies were required to submit self-certifications to the SWRCB demonstrating that they had sufficient supplies to withstand three additional years of severe drought. Any identified percentage gap between supplies and demands became the water agency's updated mandatory conservation target.

The City's self-certification demonstrated that it had sufficient supplies to meet its projected demands, even if the State were to have endured three more years of drought. Consequently, the City's mandatory conservation target was eliminated retroactive to June 1, 2016.

On April 7, 2017, after significant improvement in water supply conditions across the State, the Governor issued Executive Order B-40-17, which rescinded mandatory conservation measures for most California counties (including the County).

The City is currently operating under Stage 1 of its water shortage contingency plan, as described under the caption "—Water Shortage Contingency Plan."

In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to water conservation and drought planning and empower DWR and the SWRCB to adopt long-term standards on water use. The City is unable to predict the substance, timing of adoption or effect on the Water System of the implementation of Senate Bill 606 and Assembly Bill 1668 or any future legislation with respect to water conservation.

Water Shortage Contingency Plan. Under the City's water shortage contingency plan, which is codified in Title 14, Chapter 40 of the City's Municipal Code, the City responds to a water shortage by City Council action in stages as follows:

- Stage 1 (Voluntary Conservation – Water Watch) applies during times when the City desires to foster water conservation and water consumption reduction. In Stage 1, the following voluntary measures are encouraged: (i) lawn watering and landscape irrigation should be limited to once every other day and prohibited between the hours of 10:00 a.m. and 5:00 p.m.; (ii) washing of vehicles should be limited to once every other day unless undertaken at a commercial car wash and only with a water shut-off device or a low-volume, high-pressure cleaning machine equipped to recycle any water used; and (iii) the use of a pool/spa cover is encouraged to prevent evaporation water loss.

- Stage 2 (Mandatory Conservation – Water Alert) applies during periods when the City Council determines that due to drought or other water supply conditions, a water supply shortage or threatened shortage exists and a consumer demand reduction is necessary. In Stage 2, the following water conservation measures are mandated: (i) lawn watering and landscape irrigation is permitted only on Tuesdays and Saturdays and prohibited between the hours of 10:00 a.m. and 5:00 p.m.; and (ii) washing of vehicles (other than at a commercial car wash) must be undertaken only with a water shut-off device or a low-volume, high-pressure cleaning machine equipped to recycle any water used.

- Stage 3 (Mandatory Conservation – Water Watch) applies during periods when there is a critical differential between supply and demand and it is determined that demand cannot be reduced sufficiently through Stage 1 and 2 measures to remain within the available supply. In Stage 3, the following water conservation measures are mandated: (i) lawn watering and landscape irrigation is permitted only on Tuesdays

and Saturdays and prohibited between the hours of 10:00 a.m. and 6:00 p.m.; (ii) washing of vehicles is prohibited except at commercial car washes or for vehicles such as refuse trucks and those transporting food and perishables, and commercial car washes must reduce water use by 20%; (iii) the use of water softening devices is prohibited; (iv) water leaks must be repaired immediately; and (v) new construction meters will not be issued.

- Stage 4 (Mandatory Conservation – Water Emergency) applies during periods of severe drought and/or when a major failure of any supply or distribution facility, whether temporary or permanent, occurs in the water distribution system of the State Water Project, MWD, MWDOC or City. In Stage 4, the following water conservation measures are mandated: (i) irrigation of landscaped areas, agricultural and commercial nursery water use, the washing of vehicles (except refuse trucks and those transporting food and perishables) and the filling of swimming pools and ornamental water features is prohibited; (ii) new construction meters will not be issued; (iii) the use of water for commercial, manufacturing or processing purposes will be reduced in volume by 50%; (iv) no water may be used for air conditioning purposes; and (v) water leaks must be repaired immediately.

Violation of the water shortage contingency plan constitutes a misdemeanor and may be punishable by prosecution or the imposition of civil penalties.

The projected Water System operating results that are set forth under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect the continued implementation of Stage 1 of the City’s water shortage contingency plan. The City does not currently expect that the implementation of other stages of its water shortage contingency plan in the future will have a material adverse effect on its ability to pay the Series 2020 Installment Payments from Net Revenues. As discussed under the caption “—Water System Rates and Charges,” the City’s rate structure consists of variable and fixed rate components. Decreased water consumption is partially offset by a decrease in related variable costs, while fixed water charges largely cover the City’s fixed operating and maintenance costs. In addition, the City will covenant and agree to set Water System rates and charges in amounts that it expects to be sufficient to pay the Series 2020 Installment Payments from Net Revenues. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

If a water shortage should arise again in the future, legal issues exist as to whether different California Water Code provisions or State regulations will be invoked to manage the allocation of water. Any curtailment pursuant to State orders could necessitate an increase in Water System rates and charges. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of certain restrictions on the City’s ability to raise water rates.

Historical Water System Supply

The following table shows sources of supply for the Water System for the last five Fiscal Years.

City of Garden Grove Historical Water Sources in Acre Feet

<i>Fiscal Year Ended June 30</i>	<i>Groundwater</i>	<i>MWD Purchases</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2016	18,216.4	3,301.4	21,517.8	N/A%
2017	19,881.1	2,294.3	22,175.4	3.06
2018	14,270.2	8,565.8	22,836.0	2.98
2019	19,500.3	3,454.2	22,954.5	0.52
2020 ⁽¹⁾	11,026.8	10,951.7	21,978.5	(4.25) ⁽²⁾

⁽¹⁾ In early 2020, the City voluntarily stopped production from two of its groundwater wells while certain treatment facilities are being constructed. See the caption “—Water Quality—PFAS.” The City expects to import additional MWD water while the two wells are out of service.

⁽²⁾ Decrease reflects conservation efforts by Water System customers.

Source: City.

Historical Water System Deliveries

The following table shows historical deliveries for the Water System for the last five Fiscal Years.

City of Garden Grove Historical Water Deliveries in Acre Feet⁽¹⁾

<i>Fiscal Year Ended June 30</i>	<i>Water Deliveries</i>	<i>Percentage Increase/(Decrease)</i>
2016	19,928.9	N/A%
2017	20,535.9	3.05
2018	22,459.3	9.37
2019 ⁽²⁾	20,497.3	(8.74)
2020 ⁽²⁾	20,207.6	(1.41)

⁽¹⁾ Differences between Water System deliveries and total Water System supplies described under the caption “—Historical Water System Supply” reflect water held for storage purposes, fire hydrant use in emergencies, water losses from water main breaks and leaks and inaccuracies in water meter readings.

⁽²⁾ Decrease reflects water conservation efforts by District customers.

Source: City.

Historical water deliveries reflect connections to the Water System as well as water demand, which can be affected by weather conditions, State mandates and other factors.

Historical Water System Connections

The following table shows the number of connections to the Water System for the last five Fiscal Years.

City of Garden Grove Historical Water System Connections

<i>Fiscal Year Ended June 30</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial/Other</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2016	31,211	1,648	1,454	34,313	N/A%
2017	31,235	1,641	1,468	34,344	0.09
2018	31,242	1,647	1,466	34,355	0.03
2019	31,264	1,641	1,475	34,380	0.07
2020	31,315	1,653	1,491	34,459	0.23

Source: City.

Historical Water System Sales Revenues

The following table shows the water sales revenues of the Water System, excluding investment income and other revenues, for the last five Fiscal Years.

City of Garden Grove Historical Water System Sales Revenues

<i>Fiscal Year Ended June 30</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial/Other</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2016	\$20,935,650	\$ 3,560,467	\$4,636,239	\$29,132,356	N/A%
2017	23,085,203	3,740,847	5,256,724	32,082,775	10.13
2018	25,457,164	4,061,644	5,994,909	35,513,716	10.69
2019	26,676,460	4,305,373	5,978,238	36,960,070	4.07
2020 ⁽¹⁾	28,196,089	4,458,642	5,935,005	38,589,735	4.41

⁽¹⁾ Reflects unaudited estimated actual amounts based on available information to date. Subject to change.
Source: City.

Water System sales revenues reflect water deliveries as well as adopted rates and charges. See the captions “—Historical Water System Deliveries” and “—Water System Rates and Charges.”

Largest Water System Customers

The following table shows the largest customers of the Water System for the Fiscal Year ended June 30, 2020, as determined by water sales revenues.

City of Garden Grove Ten Largest Water System Customers

<i>Customer Name</i>	<i>Customer Type</i>	<i>Revenues</i>	<i>Percentage of Total Water System Sales Revenues</i>
House of Foods	Commercial	\$ 531,590	1.38%
Great Wolf Lodge	Hotel/Entertainment	170,337	0.44
Pai	Industrial	144,654	0.37
Hyatt	Hotel	117,975	0.31
House of Foods	Commercial	116,185	0.30
Chapman Commons	Multi-Unit Residential	114,515	0.30
Willowick Royal	Multi-Unit Residential	109,638	0.28
Santiago High School	School	107,030	0.28
Embassy Suites	Hotel	103,366	0.27
Rancho Alamitos High School	School	<u>93,844</u>	<u>0.24</u>
	Total	\$1,609,134	4.17%

Source: City.

These customers accounted for approximately 4.17% of total Water System sales Revenues of \$38,589,735 (reflecting unaudited estimated actual results based on available information to date) in Fiscal Year 2020.

Water System Rates and Charges

General. The Water System's rates and charges are set by the City Council and are not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The City is, however, required to comply with the notice, hearing and majority protest provisions of Article XIID of the State Constitution, which is popularly known as Proposition 218, as to its water rates and charges. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218" for further information with respect to Proposition 218.

The City reviews forecasted revenues and expenditures at least once every two years as part of its biennial budget process with full consideration given to expected operations, maintenance and capital costs and capital repayment obligations of the Water System. See the caption "THE CITY—Budget Process." Water rate studies are conducted to determine rate adjustments when necessary. The City Council currently sets water rates and charges at a level that it determines is sufficient to pay all Operation and Maintenance Costs of the Water System, to make debt service payments and to maintain appropriate reserves for the Water System.

On March 27, 2018, after a public hearing as required under Proposition 218, the City Council adopted a comprehensive rate plan for Water System customers (the "**Water Rate Plan**"), including Water System rate increases effective in Fiscal Years 2018 through 2022. With respect the City's commodity rates, the Water Rate Plan authorizes the City to make further adjustments to pass through to customers any increases in water supply costs imposed upon the City by MWD, MWDOC or OCWD. See the caption "—Water Supply." The Water Rate Plan remains in place as of the date hereof. There can be no assurance that the City Council will not repeal or modify such rate increases in the future or that the City's ratepayers will not approve an initiative to repeal or modify any increase in water rates and charges approved by the City Council. The City expects to retain a consultant to undertake its next rate study in 2022.

The projected operating results which are set forth under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not assume Water System rate increases above Fiscal Year 2022 levels which have not yet been adopted by the City Council.

Adopted Rates and Charges. The Water System’s rates and charges include the following: (1) a fixed bi-monthly water service charge; (2) a fixed bi-monthly fire protection service charge; (3) a fixed bi-monthly capital improvements charge; and (4) a commodity rate.

(1) Fixed Bi-Monthly Water Service Charge. The City imposes the following fixed bi-monthly water service charge based on water meter size:

**City of Garden Grove
Fixed Bi-Monthly Water Service Charge**

<i>Meter Size</i>	<i>Current Rates</i>	<i>January 1, 2021</i>
5/8” and 3/4”	\$ 29.63	\$ 31.95
1”	47.18	49.00
1½”	75.72	77.09
2”	109.12	110.40
3”	193.24	197.04
4”	285.80	293.57
6”	566.55	572.34
8”	891.66	901.56
10”	1,305.45	1,331.67

Source: City.

(2) Fixed Bi-Monthly Fire Protection Service Charge. The City imposes the following fixed bi-monthly fire protection service charge based on water meter size on customers with 1½” or larger meters:

**City of Garden Grove
Fixed Bi-Monthly Fire Protection Service Charge**

<i>Meter Size</i>	<i>Current Rates</i>	<i>January 1, 2021</i>
1½”	\$ 2.79	\$ 2.89
2”	5.95	6.16
3”	17.31	17.92
4”	36.88	38.17
6”	107.13	110.88
8”	228.29	236.28
10”	410.55	424.92

Source: City.

(3) Fixed Bi-Monthly Capital Improvements Charge. The City imposes the following fixed bi-monthly capital improvements charge based on water meter size:

**City of Garden Grove
Fixed Bi-Monthly Capital Improvements Charge**

<i>Meter Size</i>	<i>Current Rates</i>	<i>January 1, 2021</i>
5/8" and 3/4"	\$ 5.00	\$ 6.00
1"	12.50	15.00
1½"	25.00	30.00
2"	40.00	48.00
3"	80.00	96.00
4"	125.00	150.00
6"	250.00	300.50
8"	400.00	480.00
10"	600.00	720.00

Source: City.

(4) Commodity Rates. The City imposes commodity rates based on water allowances for customers. A "water allowance" refers to the allocation of a reasonable amount of water for a customer's bi-monthly water usage based on such customer's meter size. Customers are billed on a 2-tier basis per hundred cubic feet of water ("CCF") used in each billing cycle. The current Tier 1 thresholds are as follows:

**City of Garden Grove
Tier 1 Thresholds by Meter Size**

<i>Meter Size</i>	<i>Maximum Tier 1 Water Use (in CCF)</i>
5/8" and 3/4"	33
1"	83
1½"	165
2"	264
3"	528
4"	825
6"	1,650
8"	2,640
10"	3,960

Source: City.

Current commodity rates are set forth below.

**City of Garden Grove
Water Commodity Rates per CCF**

<i>Water Rate Tier</i>	<i>Current Rates</i>	<i>January 1, 2021⁽¹⁾</i>
Tier 1	\$3.09	\$3.09
Tier 2	4.32	4.32

⁽¹⁾ Reflects minimum amounts established under Water Rate Plan. May be subject to automatic pass-through adjustments based on water supply costs, as described above under the subcaption "—General."

Source: City.

Comparison to Nearby Service Providers. The table below sets forth a comparison of the City's typical monthly water bill for a single family residential user to those of certain nearby water purveyors. Information

for agencies other than the City is as of calendar year 2019, while information for the City is as of the date of this Official Statement.

City of Garden Grove and Nearby Service Providers Water Rate Comparison

The table below sets forth a comparison of a typical monthly water bill (14 CCF) for a single family residential user to those of certain nearby water purveyors. The City bills bi-monthly and the rate shown below is an equivalent monthly rate.

<i>Water Service Provider</i>	<i>Rate</i>
South Coast Water District ⁽¹⁾	\$99.48
City of San Juan Capistrano	93.21
City of San Clemente	91.21
El Toro Water District	61.72
Santa Margarita Water District ⁽²⁾	55.78
City of Garden Grove	38.95
Irvine Ranch Water District	38.88
Moulton Niguel Water District ⁽³⁾	38.76

⁽¹⁾ Includes assumed \$22.45 peak demand charge. Actual charge varies by customer and is paid through property tax bills.

⁽²⁾ Assumes Zone 3 power charge of \$0.11 per CCF.

⁽³⁾ Does not reflect portion of water charges recouped from customers through property tax bills.

Source: City.

Water System Collection Procedures

The City is on a bi-monthly billing cycle for Water System customers. All water bills are due and payable on the date of billing and become delinquent 35 days thereafter. A late penalty will be assessed on the 43rd day after billing. If such bills remain unpaid after 60 days of being delinquent, water service is subject to termination until all fees, charges, penalties and the entire delinquent balance have been paid. The City's water service shutoff policy complies with Senate Bill 998, recent legislation which restricts the discontinuation of water service to delinquent customers effective February 1, 2020. As of June 30, 2020, less than 8% of the City's Water System's customers were delinquent in the payment of their bills. The City reports that most customers pay their bills in full, including late charges, prior to shutoff. See the caption "THE CITY—COVID-19 Outbreak" for a discussion of the suspension of water shutoffs for the duration of the State-declared public health emergency. The suspension will prevent the City from imposing late charges and penalties, but no water service charges are being forgiven.

Future Water System Improvements

The City projects total capital improvements to the Water System of approximately \$20 million over the current and next four Fiscal Years, including the 2020 Project, as described under the caption "FINANCING PLAN—The 2020 Project," and fire hydrant, gate valve and meter replacement projects. Such capital improvements are expected to be financed by a combination of the Bonds, grants and Revenues remaining after payment of the Series 2020 Installment Payments. The City does not anticipate entering into any additional Parity Obligations in the current or next four Fiscal Years to finance such capital improvements.

Projected Water System Supply

The following table shows the sources of supply for the Water System projected by the City for the current and next four Fiscal Years. As discussed under the caption "—Water Supply—Groundwater," the City has recently voluntarily stopped groundwater extractions from two of its wells as a result of State regulations

relating to PFAS. The City expects to purchase additional amounts of imported water supplies from MWDOC in the next two Fiscal Years (compared to past purchases) in order to serve customer demand while such wells are out of service. The City expects that treatment facilities will be completed thereafter which will enable the City to resume pumping from such wells. See the caption “—Water Quality—PFAS.”

**City of Garden Grove
Projected Water Sources in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Groundwater</i>	<i>MWD Purchases</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2021	14,885	8,015	22,900	4.19%
2022	14,969	8,061	23,030	0.57
2023	17,567	5,855	23,422	1.70
2024	17,666	5,888	23,554	0.56
2025	17,775	5,925	23,700	0.62

Source: City.

Projected Water System Deliveries

The following table shows projected deliveries for the Water System for the current and next four Fiscal Years.

**City of Garden Grove
Projected Water Deliveries in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Water Deliveries</i>	<i>Percentage Increase/(Decrease)</i>
2021	21,055	4.19%
2022	21,174	0.57
2023	21,293	0.56
2024	21,413	0.56
2025	21,534	0.57

Source: City.

Water System deliveries can be affected by a number of factors, including connections to the Water System, State mandates and weather conditions. See the caption “—Projected Water System Connections” above.

Projected Water System Connections

The following table shows the number of connections to the Water System projected by the City for the current and next four Fiscal Years.

**City of Garden Grove
Projected Water System Connections**

<i>Fiscal Year Ending June 30</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial/Other</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2021	31,492	1,662	1,499	34,653	0.56%
2022	31,670	1,671	1,507	34,848	0.56
2023	31,849	1,680	1,516	35,045	0.57
2024	32,029	1,689	1,525	35,243	0.56
2025	32,210	1,699	1,534	35,443	0.57

Source: City.

Projected Water System Sales Revenues

The following table shows the sales revenues of the Water System projected by the City for the current and next four Fiscal Years, excluding investment income and other revenues. The projections are based on the projected water deliveries that are described under the caption “—Projected Water System Deliveries” and adopted rate increases in Fiscal Years 2021 and 2022 as described under the caption “—Water System Rates and Charges—Adopted Rates and Charges.”

**City of Garden Grove
Projected Water System Sales Revenues**

<i>Fiscal Year Ending June 30</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial/Other</i>	<i>Total</i>	<i>Percentage Increase/(Decrease)</i>
2021	\$29,002,714	\$5,446,730	\$6,045,556	\$40,495,000	4.94%
2022	30,374,914	5,882,596	6,493,515	42,751,025	5.57
2023	30,947,069	5,895,526	6,532,958	43,375,553	1.46
2024	31,236,177	6,081,907	6,693,608	44,011,692	1.47
2025	31,533,460	6,247,000	6,852,619	44,633,079	1.41

Source: City.

WATER SYSTEM FINANCIAL INFORMATION

Available Cash

As of June 30, 2020, the Water Fund had approximately \$12.9 million in available unrestricted cash and investments.

Historical Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Water System for the last five Fiscal Years. These results have been derived from the audited financial statements of the City, but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments.

City of Garden Grove
Historical Water System Operating Results
Fiscal Year Ended June 30

	2016	2017	2018	2019	2020 ⁽¹⁾
Revenues					
Water Sales	\$ 29,132,356	\$ 32,082,775	\$ 35,513,716	\$ 36,960,070	\$ 38,589,735
Investment Income	144,357	33,147	153,521	602,450	253,391
Other ⁽²⁾	<u>184,058</u>	<u>229,559</u>	<u>279,630</u>	<u>269,489</u>	<u>188,961</u>
Total Revenues	\$ 29,460,771	\$ 32,345,481	\$ 35,946,867	\$ 37,832,009	\$ 39,032,087
Operation and Maintenance Costs					
Salaries and Wages ⁽³⁾	\$ 4,805,490	\$ 5,391,413	\$ 8,048,241	\$ 6,935,573	\$ 5,466,451
Materials and Supplies	615,910	432,726	384,141	444,346	381,934
Contractual Services	5,642,743	6,490,070	5,788,290	6,411,779	6,703,102
Water Production Expenses ⁽⁴⁾	<u>11,918,346</u>	<u>14,090,371</u>	<u>16,081,194</u>	<u>15,099,567</u>	<u>18,657,107</u>
Total Operation and Maintenance Costs	\$ 22,982,489	\$ 26,404,580	\$ 30,301,866	\$ 28,891,265	\$ 31,208,594
Net Revenues	\$ 6,478,282	\$ 5,940,901	\$ 5,645,001	\$ 8,940,744	\$ 7,823,493
Parity Obligations					
2010 Installment Purchase Agreement ⁽⁵⁾	\$ 1,376,390	\$ 1,372,640	\$ 1,381,115	\$ 1,376,740	\$ 1,369,390
2015 Bonds ⁽⁶⁾	<u>882,255</u>	<u>1,003,850</u>	<u>1,006,350</u>	<u>998,550</u>	<u>1,010,350</u>
Total Parity Obligations	\$ 2,258,645	\$ 2,376,490	\$ 2,387,465	\$ 2,375,290	\$ 2,379,740
Remaining Revenues	\$ 4,219,637	\$ 3,564,411	\$ 3,257,536	\$ 6,565,454	\$ 5,443,753
Parity Obligations Coverage	2.87	2.50	2.36	3.76	3.29

(1) Reflects unaudited estimated actual amounts based on available information to date. Subject to change.

(2) Includes sale of materials and other miscellaneous revenues. Also includes federal subsidy payments relating to the 2010 Bonds.

(3) Does not reflect application of GASB 68, as described under the caption “—Pension Obligations.”

(4) Includes purchases of water from MWD, which constituted an average of approximately 20% of total Operation and Maintenance Costs in Fiscal Years 2016 through 2020, respectively.

(5) This obligation is expected to be refunded from proceeds of the Bonds. See the caption “FINANCING PLAN—Refunding Plan.”

(6) See the caption “THE CITY—Outstanding Parity Obligations.”

Source: City.

Projected Operating Results and Debt Service Coverage

Estimated projected operating results for the Water System for the current and next four Fiscal Years, reflecting certain significant assumptions concerning future events and circumstances, are set forth below. The financial forecast represents the City’s estimate of projected financial results based on a variety of assumptions, including those set forth in the footnotes to the table set forth below. All of such assumptions are material in the development of the City’s financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

City of Garden Grove
Projected Water System Operating Results
Fiscal Year Ending June 30⁽¹¹⁾

	2021 ⁽¹⁾	2022	2023	2024	2025
Revenues					
Water Sales ⁽²⁾	\$ 40,495,000	\$ 42,751,025	\$ 43,375,553	\$ 44,011,692	\$ 44,633,079
Investment Income ⁽³⁾	250,000	250,000	250,000	250,000	250,000
Other ⁽⁴⁾	100,000	100,000	100,000	100,000	100,000
Total Revenues	<u>\$ 40,845,000</u>	<u>\$ 43,101,025</u>	<u>\$ 43,725,553</u>	<u>\$ 44,361,692</u>	<u>\$ 44,983,079</u>
Operation and Maintenance Costs					
Salaries and Wages ⁽⁵⁾	\$ 6,481,940	\$ 6,741,218	\$ 7,010,866	\$ 7,291,301	\$ 7,582,953
Materials and Supplies ⁽⁶⁾	837,353	858,287	879,744	901,738	924,281
Contractual Services ⁽⁷⁾	6,112,423	6,265,234	6,421,864	6,582,411	6,746,971
Water Production Expenses ⁽⁸⁾	22,343,197	24,514,898	18,215,405	18,922,894	19,641,964
Total Operation and Maintenance Costs	<u>\$ 35,774,913</u>	<u>\$ 38,379,636</u>	<u>\$ 32,527,880</u>	<u>\$ 33,698,344</u>	<u>\$ 34,896,169</u>
Net Revenues	\$ 5,070,087	\$ 4,721,389	\$ 11,197,674	\$ 10,663,348	\$ 10,086,909
Parity Obligations					
2010 Installment Purchase Agreement ⁽⁹⁾	\$ -	\$ -	\$ -	\$ -	\$ -
2015 Bonds ⁽¹⁰⁾	1,001,750	1,002,850	1,013,450	939,300	-
2020 Installment Purchase Agreement*	148,725	347,800	1,150,000	1,754,400	1,748,200
Total Parity Obligations*	<u>\$ 1,150,475</u>	<u>\$ 1,350,650</u>	<u>\$ 2,163,450</u>	<u>\$ 2,693,700</u>	<u>\$ 1,748,200</u>
Remaining Revenues*	\$ 3,919,612	\$ 3,370,739	\$ 9,034,224	\$ 7,969,648	\$ 8,338,709
Parity Obligations Coverage*	4.41	3.50	5.18	3.96	5.77

(1) Reflects amended Fiscal Year 2021 budgeted amount with certain adjustments.

(2) Based on projected Water System Revenues described under the caption "THE WATER SYSTEM—Projected Water System Sales Revenues." See the caption "CERTAIN RISKS TO BONDHOLDERS—Accuracy of Assumptions."

(3) Projected to remain at Fiscal Year 2021 budgeted amount.

(4) Includes sale of materials and other miscellaneous revenues.

(5) Projected to increase by approximately 4% per annum.

(6) Projected to increase by approximately 2.5% per annum.

(7) Projected to increase by approximately 2.5% per annum.

(8) Reflects additional purchases of imported water supplies from MWDOC in Fiscal Years 2021 and 2022 while two of the City's wells are out of service as a result of PFAS regulations. See the caption "THE WATER SYSTEM—Water Supply—Groundwater." Projected to increase by approximately 3.8% per annum thereafter.

(9) This obligation is expected to be refunded from proceeds of the Bonds. See the caption "FINANCING PLAN—Refunding Plan."

(10) Reflects scheduled debt service. This obligation matures in Fiscal Year 2024. See the caption "THE CITY—Outstanding Parity Obligations."

(11) Totals may not add due to rounding.

Source: City.

Employee Benefits

Pension Obligations. The portion of the City's pension obligations that is attributable to the Water System constitutes an Operation and Maintenance Cost of the Water System and is payable prior to the Series 2020 Installment Payments. The following information about the City's pension obligations is limited to the portion of such obligations that is attributable to the Water System to the extent that such information is available.

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 balance sheet; (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

* Preliminary, subject to change.

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 reporting and disclosure requirements, but it does not affect the City's pension plan funding obligations.

The City participates in a Miscellaneous plan to fund pension benefits for employees that operate and support the Water System, with such benefits constituting an Operation and Maintenance Cost of the Water System that is payable prior to the Series 2020 Installment Payments. The City's Miscellaneous plan is 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. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

Miscellaneous plan participants who were hired before January 1, 2013 are subject to different benefit levels than employees who were hired on or after January 1, 2013 and who were not previously CalPERS members. Benefit provisions for Miscellaneous plan participants are set forth below.

City of Garden Grove
CalPERS Miscellaneous Pension Plan – Summary of Benefit Provisions

	<i>Employees Hired Before January 1, 2013</i>	<i>Employees Hired On or After January 1, 2013 (AB 340)</i>
Benefit Formula	2.5% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Benefit Calculation	Highest Year	Highest Average 36 months
Retirement Age	50-55	52-67
Monthly Benefits as % of Salary	2.0% - 2.5%	1.0% - 2.5%
Fiscal Year 2021 Employee Contribution Rate	8.0% ⁽¹⁾	6.75% ⁽²⁾
Fiscal Year 2021 Employer Contribution Rate	11.056% ⁽³⁾	11.056% ⁽³⁾

⁽¹⁾ Employees who were hired before January 1, 2013 are required to make the full employee contribution.

⁽²⁾ Employees who were hired on or after January 1, 2013 are required to make the full employee contribution.

⁽³⁾ Reflects normal cost rate. For informational purposes only. CalPERS no longer collects required contributions based on a percentage of payroll.

Source: City.

Pension benefits are funded in part by contributions from participants (i.e., employees) and in part by contributions from the City.

Miscellaneous plan participants who were hired on and after January 1, 2013 and who were not previously CalPERS members receive benefits based on a 2.0% at age 62 formula; such employees are required to make the full amount of required employee contributions themselves in an amount equal to 50% of the total normal cost under the California Public Employees' Pension Reform Act of 2013 ("AB 340"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier – 2.0% at age 62 formula, with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36 month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also caps pensionable income as noted below. Amounts are set annually,

subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

City of Garden Grove
Pensionable Income Caps for 2020 (AB 340 and Non-AB 340 Employees)

	<i>Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$285,000	\$151,549
Maximum Pensionable Income if also Participating in Social Security	N/A	\$126,291

Source: City.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the City's unfunded pension liability and potentially reduce City contribution levels in the long term.

The City is also required to contribute the actuarially determined amounts necessary to fund benefits for its members which are not contributed by employees. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on July 1 of each year following notice of a change in the rate. The total minimum required employer contribution is the sum of the plan's employer normal cost rate (expressed as a percentage of payroll) plus the employer unfunded accrued liability contribution amount (prepaid annually in July). The normal cost rate is the annual cost of service accrual for the upcoming Fiscal Year of active employees.

The required normal cost employer contribution rates for the City's Miscellaneous plan for Fiscal Years 2019 and 2020 were as follows: (i) 9.528% and 10.329%, respectively, for the 2.5% at age 55 benefit level; and (ii) 6.00% and 6.00%, respectively, for the 2.0% at age 62 AB 340 benefit level. The required normal cost employer contribution rates for the City's Miscellaneous plan for Fiscal Year 2021 are 11.056% for the 2.5% at age 55 benefit level and 6.75% for the 2.0% at age 62 AB 340 benefit level.

Beginning in Fiscal Year 2018, CalPERS began collecting employer contributions toward a pension plan's unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's unfunded liability will continue to be collected as set dollar amounts. The combined unfunded accrued liability amount for both of the City's pension tiers is \$8,131,029 for Fiscal Year 2021.

The City's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. 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.

CalPERS earnings reports for Fiscal Years 2010 through 2019 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6% and 6.7%, respectively. In July 2020, CalPERS

reported a preliminary 4.7% investment return in Fiscal Year 2020, which was below its investment target. The City can provide no assurance that CalPERS' earnings will not be reduced in Fiscal Year 2021 as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. See the caption "—COVID-19 Outbreak."

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% over a three-year period. For public agencies such as the City, the first discount rate reduction took effect July 1, 2018. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under AB 340. The reduction in the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most Miscellaneous retirement plans such as the City's plan. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long term.

For Fiscal Years 2018, 2019 and 2020, the City made required Miscellaneous plan contributions of \$6,015,462, \$11,800,179 and \$14,687,068, respectively, of which an average of approximately 15.7% was attributable to the Water System in each such Fiscal Year. The City currently expects its annual required contribution toward the pension plan's unfunded liability (excluding the normal cost) in Fiscal Year 2021 to be approximately \$7,860,562. The City currently expects to allocate approximately 15.7% of such amount to the Water System. Such contributions constitute an Operation and Maintenance Cost of the Water System that is payable prior to the Series 2020 Installment Payments. The City notes that contributions in future years (beginning in Fiscal Year 2022-23) may increase in the event of losses in CalPERS' portfolio resulting from stock market declines in the wake of the COVID-19 outbreak. See the caption "—COVID-19 Outbreak."

In November 2019, the City Council approved the establishment of the Section 115 Trust to provide the City with a mechanism for prefunding pension benefits. See the caption "—Governance and Management—Management Policies—Pension Funding Policy." The Section 115 Trust is administered by CalPERS. As of August 31, 2020, the City had \$1,426,909 on deposit in the Section 115 Trust. The Section 115 Trust holds funding contributions for the City's pending future remittances to CalPERS, which will pay all retiree benefit payments to employees. The City's total pension assets include funds held by both CalPERS and the Section 115 Trust, although under accounting rules, amounts held in the Section 115 Trust do not reduce the City's unfunded liability until they are transferred to CalPERS.

Portions of the above information are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. 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 comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. 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 and the Authority cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The City's Miscellaneous plan had a total net pension liability of approximately \$98,199,614 for the Fiscal Year ended June 30, 2018, approximately \$91,846,580 for the Fiscal Year ended June 30, 2019 and approximately \$97,669,489 for the Fiscal Year ended June 30, 2020, of which an average of approximately 17% was attributable to the Water System in each Fiscal Year. The portion of this liability, when paid down by the Water System, constitutes an Operation and Maintenance Cost of the Water System that is payable prior to the

Series 2020 Installment Payments. The net pension liability is the difference between the total pension liability and the fair market value of pension assets. 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. The City notes that its net pension liability could increase in the future as a result of losses in CalPERS' portfolio resulting from stock market declines in the wake of the COVID-19 outbreak. See the caption "—COVID-19 Outbreak."

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2020 is shown below.

City of Garden Grove
Actuarial Assumptions for CalPERS Miscellaneous Pension Plan

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
<i>Actuarial Assumptions:</i>	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	7.375% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.75%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds

⁽¹⁾ The mortality table used was developed based on 15 years of projected mortality improvements using 90% of Scale MP 2016 published by the Society of Actuaries.

Source: City.

Changes in the net pension liability for the City's Miscellaneous plan were as follows:

City of Garden Grove
Changes in CalPERS Miscellaneous Pension Plan Net Pension Liability

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2018	\$ 317,029,012	\$ 225,182,432	\$ 91,846,580
Net Changes for period from July 1, 2018 through June 30, 2019	<u>15,470,955</u>	<u>9,648,046</u>	<u>5,822,909</u>
Balance at June 30, 2019	\$ 332,499,967	\$ 234,830,478	\$ 97,669,489

Source: City.

The following table presents the net pension liability of the City's Miscellaneous plan, calculated using the discount rate as of Fiscal Year 2019 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

City of Garden Grove
Sensitivity of the Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate

	<i>Fiscal Year 2020</i>		
	<i>Discount Rate – 1% (6.15%)</i>	<i>Discount Rate (7.15%)</i>	<i>Discount Rate + 1% (8.15%)</i>
Plan’s Net Pension Liability/(Asset)	\$142,631,315	\$97,669,489	\$60,630,247

Source: City.

The City’s projections of Operation and Maintenance Costs under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not reflect additional increases in CalPERS normal cost contributions in the future as a result of the COVID-19 outbreak, as the City is unable to quantify the magnitude of any such increases at this time, and any related increases in contributions will not be reflected until Fiscal Year 2023 and later. See the caption “—COVID-19 Outbreak.” The City does not expect that any increased funding of pension benefits will have a material adverse effect on the ability of the City to make the Series 2020 Installment Payments.

For additional information relating to the City’s CalPERS Miscellaneous pension plan, see Note C.11 to the City’s audited financial statements set forth in Appendix A.

Post-Employment Benefits. In addition to the pension benefits that are described under the subcaption “—Pension Obligations,” the City provides certain health care benefits for retired employees and eligible dependents. Such benefits constitute an Operation and Maintenance Cost of the Water System that is payable prior to the Series 2020 Installment Payments.

Substantially all of the City’s full-time employees who are eligible for pension benefits may become eligible for such other post-employment benefits if they retire from the City at age 50 or older. As of June 30, 2020, (measurement date June 30, 2019), 617 active employees are entitled to these benefits and 298 inactive employees or beneficiaries were receiving benefit payments. Contributions of \$412,400, \$467,790 and \$487,137, respectively, were recognized for post-employment health care benefits in Fiscal Years 2018, 2019 and 2020, of which an average of approximately 6.7% was attributable to the Water System. Such contributions constituted an Operation and Maintenance Cost of the Water System that was payable prior to debt service on the Parity Obligations.

GASB Statement No. 75 (“**GASB 75**”) requires governmental agencies to account for and report outstanding obligations and commitments related to post-employment benefits in essentially the same manner as for pensions. For the City, the reporting obligation began in Fiscal Year 2018.

The City retained Total Compensation Systems, Inc. (the “**Actuarial Consultant**”) to calculate the City’s post-employment benefits funding status. In a report dated August 19, 2020 (the “**Report**”), the Actuarial Consultant concluded that, as of June 30, 2019, the City’s total liability for post-employment benefits was \$45,756,997. The City has budgeted \$493,998 for its post-employment benefit plan for Fiscal Year 2021 (which reflects the pay-as-you-go amount), of which approximately 9.1% is allocable to the Water System. Such obligation constitutes an Operation and Maintenance Cost of the Water System that is payable prior to the Series 2020 Installment Payments.

Changes in the net liability for the City’s post-employment benefit plan were as follows.

City of Garden Grove
Changes in Post-Employment Benefit Plan Liability

	<i>Total Post-Employment Benefit Plan Liability</i>
Balance at June 30, 2018	\$18,203,123
Net Changes for period from July 1, 2018 through June 30, 2019	<u>27,553,874</u>
Balance at June 30, 2019	\$45,756,997

Source: City.

The following table presents the total liability of the City's post-employment benefits plan, calculated using the discount rate applicable to Fiscal Year 2019 (3.5%), as well as what the total post-employment benefit liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the Fiscal Year 2019 rate:

City of Garden Grove
Sensitivity of the Post-Employment Benefit Plan Net Liability to Changes in the Discount Rate
(Dollars in Thousands)

	<i>Discount Rate – 1% (2.5%)</i>	<i>Fiscal Year 2019 Discount Rate (3.5%)</i>	<i>Discount Rate + 1% (4.5%)</i>
Plan's Net Liability/(Asset)	\$51,376,857	\$45,756,997	\$41,064,198

Source: City.

The City's projections of Operation and Maintenance Costs under the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" do not assume unusual increases in post-employment benefit funding expenses in the future. However, future changes in funding policies and assumptions, including those related to the assumed rates of investment return and healthcare cost inflation, could trigger increases in the City's annual required 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 post-employment benefits will have a material adverse effect on the ability of the City to make the Series 2020 Installment Payments.

For additional information relating to the post-employment benefit plan, see Note C.12 to the City's audited financial statements set forth in Appendix A.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIII B generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that its charges for Water Service do not exceed the costs that it reasonably bears in providing such service and therefore are not subject to the limits of Article XIII B. See the caption “SECURITY FOR THE BONDS—Rate Covenant” for a description of the City’s covenant to set rates and charges for the Water Service.

Proposition 218

General. An initiative measure entitled the “Proposition 218 – the Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIII C and XIII D to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for water service and wastewater service are a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fees or charges may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally

believed that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “**Bighorn Case**”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The State Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City complied with the notice, hearing and protest procedures in Article XIID, as further explained by the State Supreme Court in the *Bighorn Case*, with respect to the Water rate increases that were approved on January 8, 2020. See the captions “THE WATER SYSTEM—Water System Rates and Charges.”

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the “**SJC Case**”), upholding tiered water rates under the Initiative provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion included a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The City’s water rates, which are described under the captions “THE WATER SYSTEM—Water System Rates and Charges” include tiered rates based on usage. The City has reviewed the holding in the *SJC Case* and determined that the City’s water rates comply with the Initiative.

See the caption “LITIGATION—City—Water Rate Litigation” for a discussion of certain litigation challenging the City’s water rates under Article XIID.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal. S. Ct. S252915) holding that the taxation exemption from the State Constitution’s referendum process applies to measures setting water rates, and that the Initiative does not subject water rates to challenge by referendum. The City does not believe that Article XIIC grants to the voters within the City the power (whether by initiative under Article XIIC or otherwise, or by referendum, which is not authorized under Article XIIC) to repeal or reduce rates and charges for the Water Service in a manner that would interfere with the contractual obligations of the City or the obligation of the City to maintain and operate the Water System. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the Bonds. Remedies that are available to Beneficial Owners of the Bonds in the event of a default by the City are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies which are contained in the applicable documents themselves, the rights and obligations with respect to the Bonds, the Indenture and the Installment Purchase Agreement 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 and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public

agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Future Initiatives

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiatives could be proposed and adopted affecting the City's revenues or ability to increase revenues.

CERTAIN RISKS TO BONDHOLDERS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.

Limited Obligations

The obligation of the City to pay the Series 2020 Installment Payments is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to pay the Series 2020 Installment Payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Accuracy of Assumptions

General. To estimate the Net Revenues available to pay the Series 2020 Installment Payments, the City has made certain assumptions with regard to various matters, including but not limited to future development within the City and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the interest rate at which funds will be invested. The City believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Series 2020 Installment Payments will, in all likelihood, be less than those projected herein. See the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage." The City may choose, however, to maintain compliance with the rate covenant set forth in the Installment Purchase Agreement in part by means of contributions from available reserves or resources, including the Rate Stabilization Fund. In such event, Net Revenues may generate amounts which are less than 125% of Debt Service in any given Fiscal Year. See the captions "SECURITY FOR THE BONDS—Rate Covenant" and "SECURITY FOR THE BONDS—Rate Stabilization Fund."

PFAS Treatment Facilities. As described under the caption "THE WATER SYSTEM—Water Quality—PFAS," testing of the City's groundwater sources in early 2020 revealed the presence of contaminants known as PFAS at levels above regulatory thresholds in two of the City's groundwater wells. As a result, the City voluntarily elected to stop groundwater production from such wells. The City expects to purchase additional imported water supplies from MWDOC to serve customer demand while such wells are out of service.

The City has entered into an agreement with OCWD pursuant to which OCWD will design and construct PFAS treatment facilities at OCWD's expense at the two City wells that have been shut down. The City expects such facilities to be operational within two years, at which time the City can resume production from the wells. However, the appropriate design for the facilities is still being studied and there can be no assurance as to the

ultimate type of facilities to be constructed or the timing of completion thereof. Although the City will be obligated to operate and maintain the PFAS treatment facilities for a period of up to 30 years, the City's agreement with OCWD enables the City to seek reimbursement for up to half of the operation and maintenance costs of the facilities at the rate of \$75 per acre foot of groundwater produced.

The projected operating results which are set forth under the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" assume higher water supply costs for two years as a result of the purchase of relatively more expensive imported water to replace the supplies from the two wells which have been taken out of service, and additional Operation and Maintenance Costs to operate and maintain the new treatment facilities that are being constructed by OCWD after the two year construction period. Notwithstanding the foregoing, there can be no assurance that additional State regulations related to PFAS will not result in the imposition of additional costs on the Water System.

In the event that the PFAS treatment facilities are completed later than currently contemplated, operating costs of the PFAS treatment facilities are higher than currently contemplated, or additional State regulations relating to PFAS are adopted, Operation and Maintenance Costs of the Water System could be higher than projected herein, which could reduce the Net Revenues available to pay the Series 2020 Installment Payments.

System Demand

There can be no assurance that the demand for Water Service will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE BONDS—Rate Covenant." Demand for Water Service could be reduced or may not occur as projected by the City as a result of reduced levels of development in the City's service area, hydrological conditions, conservation efforts, an economic downturn (including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak"), mandatory State conservation orders and other factors.

System Expenses

There can be no assurance that the City's expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with the cost of imported water and the quality and amount of local supplies as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See the caption "—Accuracy of Assumptions—PFAS Treatment Facilities" for a discussion of certain material assumptions related to Operation and Maintenance Costs of the Water System in the next five years.

A significant portion of the City's water supply is purchased from MWD through MWDOC, and increases in such agencies' costs or changes in such agencies' operations over which the City has no control could impact the City's cost of water to supply its customers. See the caption "THE WATER SYSTEM—Water Supply." Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

Limited Recourse on Default

If the City defaults on its obligation to pay the Series 2020 Installment Payments, the Trustee, as assignee of the Authority, has the right to declare the total unpaid principal amount of the Series 2020 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the City will have sufficient funds to pay such accelerated amounts from Net Revenues.

Rate-Setting Process under Proposition 218

Proposition 218, which added Articles XIIC and XIID to the State Constitution, affects the City's ability to maintain existing Water System rates and impose rate increases, and no assurance can be given that future proposals to increase Water System rates will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed Water System rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Net Revenues in the amounts required by the Installment Purchase Agreement to pay the Series 2020 Installment Payments. The City believes that its current Water System rates approved by the City Council were effected in accordance with the public hearing and majority protest provisions of Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Water System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the City. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the City to generate Net Revenues in amounts that are sufficient to pay the Series 2020 Installment Payments.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the City and the revenues available for the payment of the Bonds and result in substantial damage to and interference with the operations of the Water System.

Portions of the City's service area may be subject to unpredictable seismic activity. See the caption "THE CITY—Seismic Considerations." The Installment Purchase Agreement does not require the City to maintain earthquake insurance and the City does not currently maintain such insurance for Water System facilities other than the Public Works Municipal Service Center, where administrative functions of the Water System are carried out. The City maintains liability insurance for the Water System and property casualty insurance (for losses other than from seismic events) for certain portions of the Water System. See the caption "THE CITY—City Insurance." 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. Furthermore, significant portions of the Water System, including underground pipelines, are not covered by property casualty insurance. Damage to such portions of the Water System as a result of natural disasters would result in uninsured losses to the City.

Limitations on Remedies

The ability of the City to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues in amounts that are sufficient to pay the Series 2020 Installment Payments may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND

CHARGES—Proposition 218.” Furthermore, the remedies that are available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may the exercise by the United States of America of the powers delegated to it by the federal Constitution and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium proceedings and other laws relating to or affecting creditors’ rights, or the exercise of powers by the federal or State government, if initiated, could subject the Beneficial Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Water System serves an essential public purpose.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See Appendix C. In the event that the City fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2020 Installment Payments, which secure the payments of principal of and interest on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Authority and the City have covenanted in the Indenture and the Installment Purchase Agreement, respectively, to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds thereunder. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the Authority or the City in violation of such covenants or other covenants in the Indenture or the Installment Purchase Agreement. The Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See the caption “TAX EXEMPTION.”

Secondary Market

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

Parity Obligations

The Installment Purchase Agreement permits the City to enter into Parity Bonds and Contracts payable from Net Revenues on a parity with the Series 2020 Installment Payments, which secure the Bonds, subject to the terms and conditions set forth therein. See the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.” The entry into of additional Parity Bonds and Contracts could result in reduced Net Revenues available to pay the Series 2020 Installment Payments. The City has covenanted to maintain coverage of Debt Service as described under the caption “SECURITY FOR THE BONDS—Rate Covenant.”

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 Water System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of Water System customers.

Cyber Security

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 cyber security 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 firewalls, anti-virus software, anti-spam/malware software and an intrusion protection system. The City also contracts with a third party vendor to provide cyber security training for all City staff and conduct simulated phishing attacks. To date, the City has not experienced a major attack on its computer operating systems. However, there can be no assurance that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer systems could negatively impact the City's operations, and the costs related to such attacks could be substantial.

THE AUTHORITY

The Authority is a public entity created for the joint exercise of common powers pursuant to a Joint Exercise of Powers Agreement, dated June 22, 1993, as amended by Amendment No. 1 thereto dated March 28, 2006, by and among the City, the Successor Agency to the Garden Grove Agency for Community Development and the Garden Grove Sanitary District. The Authority is an autonomous entity that is separate from the City and SCWD. The powers and functions of the Authority are exercised by a seven-member Board consisting of the Mayor and members of the City Council of the City.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, acting as Bond Counsel. The form of such legal opinion is attached as Appendix C, and such legal opinion will be attached to each Bond. Certain matters will be passed upon for the Authority and the City by Woodruff Spradlin & Smart, Costa Mesa, California, as General Counsel and City Attorney, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, and for the Trustee by its counsel. The Underwriter is being represented by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

LITIGATION

City

General. At the time of delivery of and payment for the Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the

sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the City's ability to pay the Series 2020 Installment Payments, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor.

Water Rate Litigation. On February 19, 2020, a class action complaint and petition for writ of mandate (collectively, the "**Water Rate Complaint**") was filed in the matter of *Kessner et al. v. City of Santa Clara et al.* in the Superior Court of California, County of Santa Clara, on behalf of 81 customer classes (collectively "**Plaintiffs**"), challenging the rates of 82 public water suppliers, including the City. The Water Rate Complaint alleges that the named defendants and respondents (collectively "**Defendants**") unlawfully set water rates for retail customers that exceed the cost of service, in violation of Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218" for a discussion of Proposition 218.

Plaintiffs are challenging Defendants' retail water rates on the ground that they allegedly subsidize water service provided for general governmental purposes, including "subsidized public fire hydrant service."

The City was served with the Water Rate Complaint in March 2020. On March 9, 2020, the Superior Court of California, County of Santa Clara, issued an Order deeming the case complex and staying discovery and responsive pleading deadlines. Pursuant to the March 9, 2020 Order, the parties may not file or serve responsive pleadings until later orders of the court.

Plaintiffs have also filed a motion to consolidate the Water Rate Complaint with two similar complaints filed by Plaintiffs' counsel against water agencies in northern California. All proceedings in the Water Rate Complaint are currently stayed pending a hearing on the motion to consolidate.

The City is unable to predict the outcome of this litigation or the timing of any resolution thereof. However, the City believes that its water rates were adopted in compliance with Proposition 218 and does not currently expect the Water Rate Complaint to have a material adverse effect on its ability to pay the Series 2020 Installment Payments.

The City notes that the State Legislature recently adopted Senate Bill 1386 ("**SB 1386**"), which awaits signature by the State Governor. SB 1386 would add provisions to the California Government Code establishing that the costs of water service chargeable to property owners properly include the cost of infrastructure, e.g., fire hydrants, which provide fire protection for nearby property. The signing of SB 1386 into law by the State Governor would likely assist the City's defense of the Water Rate Complaint.

Authority

At the time of delivery of and payment for the Bonds, the Authority will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the Authority's ability to pay the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the

Bonds or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

TAX EXEMPTION

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 (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the City and others and is subject to the condition that the Authority and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the City have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Bond 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 must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received with respect to the Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE

OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the City continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

CONTINUING DISCLOSURE

The City has covenanted in a Continuing Disclosure Agreement, dated as of November 1, 2020 (the "**Continuing Disclosure Agreement**"), by and between the City and Applied Best Practices LLC, as dissemination agent (the "**Dissemination Agent**") for the benefit of the Owners and Beneficial Owners of the Bonds to provide 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 notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City or the Dissemination Agent with EMMA. 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 Underwriter in complying with Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission.

[DISCLOSURE RE PRIOR COMPLIANCE TO COME].

As noted above, the City has engaged Applied Best Practices LLC as its Dissemination Agent in connection with future continuing disclosure reporting. In addition, the City adopted a debt management policy in February 2017 that includes procedures with respect to continuing disclosure compliance.

RATING

The Authority expects that S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), will assign the Bonds the rating of "___".

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

The City has covenanted in the Continuing Disclosure Agreement to file notices of any rating changes on the Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to a rating change 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. Purchasers of the Bonds are directed to S&P and its websites and official media outlets for the most current rating with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Indenture or the Installment Purchase Agreement. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

MUNICIPAL ADVISOR

The City has retained Fieldman, Rolapp & Associates, Inc., Irvine, 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.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, (the "**Underwriter**"), pursuant to a purchase agreement, dated the date hereof, by and among the Authority, the City and the Underwriter. The Underwriter will purchase the Bonds from the Authority at an aggregate purchase price of \$_____, representing the principal amount of the Bonds, plus/less \$_____ of net original issue premium/discount and 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 Underwriter. The Underwriter 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.

Bond Counsel and Disclosure Counsel represent the Authority and the City in connection with the issuance of the Bonds. From time to time Bond Counsel and Disclosure Counsel represent the Underwriter in connection with other financings and matters that are unrelated to the Bonds. Bond Counsel and Disclosure Counsel do not represent the Underwriter with respect to the issuance of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for and the source for repayment for the Bonds and the rights and obligations of the owners thereof.

The information that is contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and is believed to be correct as of its date, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

Any statements made in this Official Statement that involve matters of opinion, estimates or projections, 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 or projections will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

GARDEN GROVE PUBLIC FINANCING AUTHORITY

By: _____
Chair

CITY OF GARDEN GROVE

By: _____
City Manager

APPENDIX A
CITY FINANCIAL STATEMENTS

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT AND THE INDENTURE

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture 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.

[TO COME FROM BOND COUNSEL]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

November ___, 2020

Garden Grove Public Financing Authority
11222 Acacia Parkway
Garden Grove, California 92840

Re: \$_____ Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A

Members of the Board of Directors:

We have acted as Bond Counsel to the Garden Grove Public Financing Authority (the “Authority”) in connection with the issuance of \$_____ aggregate principal amount of Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (the “Bonds”). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are limited obligations of the Authority payable solely from payments to be made by the City of Garden Grove (the “City”) to the Authority pursuant to an Installment Purchase Agreement, dated as of November 1, 2020 (the “Installment Purchase Agreement”), by and between the City and the Authority, and from certain funds and accounts established under the Indenture.

In connection with our representation, we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Bonds under the laws of the State of California (the “State”) now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. 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 (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations and is exempt from State personal income tax.

6. The amount by which a Bond 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 must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the City and the Authority and are subject to the condition that the City and the Authority comply with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City and the Authority have covenanted to comply with all such requirements.

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 Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. 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 and federal law. 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 Indenture, the Installment Purchase 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.

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 D

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the City and the Underwriter believe to be reliable, but none of the Authority, the City or the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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 Authority 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 Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

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.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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

This Continuing Disclosure Agreement, dated as of November 1, 2020 (the “**Disclosure Agreement**”) is executed and delivered by the City of Garden Grove (the “**Obligor**”) and Applied Best Practices LLC as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2020A (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “**Bond Indenture**”), by and between the Garden Grove Public Financing Authority and U.S. Bank National Association, as trustee. The Obligor and the Dissemination Agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligor and the Dissemination Agent, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any report provided by the Obligor pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Beneficial Owner**” shall mean 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.

“**Disclosure Representative**” shall mean the City Manager or the Director of Finance of the Obligor, or the designee thereof, or such other officer or employee as the Obligor shall designate in writing to the Dissemination Agent from time to time.

“**Dissemination Agent**” shall mean, initially, Applied Best Practices LLC, or any successor Dissemination Agent designated in writing by the Obligor and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“**Financial Obligation**” shall mean 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” shall 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**” shall mean the period from July 1 to June 30, or any other period selected by the Obligor as its fiscal year.

“**Listed Events**” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“**Official Statement**” shall mean the Official Statement relating to the Bonds, dated October __, 2020.

“**Rule**” shall mean 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.

“**State**” shall mean the State of California.

“**Underwriter**” shall mean the original underwriters of the Bonds that are required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Obligor shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, upon delivery of the Annual Report to the Dissemination Agent (if other than the Obligor), not later than March 31 of each year, commencing March 31, 2021, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement (provided that the first Annual Report may consist solely of the Official Statement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Obligor may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Obligor’s Fiscal Year changes, it shall give notice of such change to the Dissemination Agent and the Obligor shall, or shall cause the Dissemination Agent, by written direction to such Dissemination Agent, to give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to each March 31, the Obligor shall provide the Annual Report to the Dissemination Agent (if other than the Obligor). The Obligor shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Obligor and shall have no duty or obligation to review such Annual Report. If: (i) the Obligor is acting as Dissemination Agent and an Annual Report has not been provided to the MSRB by the date required in subsection (a); or (ii) if the Dissemination Agent is other than the Obligor and is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), then the Obligor or the Dissemination Agent (if other than the Obligor), as applicable, shall send a notice to the MSRB in a timely manner in substantially the form prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to March 31 the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Obligor, promptly after receipt of the Annual Report, file a report with the Obligor certifying that the Annual Report has been filed with the MSRB pursuant to this Disclosure Agreement, and stating, to the extent that it can confirm such filing of the Annual Report, the date that it was filed.

SECTION 4. Content of Annual Reports. The Obligor’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Obligor 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 Obligor’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 contained in the audited financial statements filed pursuant to subsection (a):

(i) The principal amount of Bonds outstanding as of the December 31 preceding the Annual Report Date.

(ii) An update of the information for the prior Fiscal Year in substantially the form set forth in the following tables in the Official Statement under the caption “THE WATER SYSTEM”:

1. Historical Water Sources in Acre Feet;
2. Historical Water Deliveries in Acre Feet;
3. Historical Water System Connections;
4. Historical Water System Sales Revenues; and
5. Ten Largest Water System Customers.

(iii) A description of changes to Water System rates and charges since the date of the prior Annual Report, or, for the first Annual Report, since the date of the Official Statement.

(iv) An update of the information for the prior Fiscal Year in substantially the form set forth in the following table in the Official Statement under the caption “WATER SYSTEM FINANCIAL INFORMATION”:

1. Historical Water System Operating Results.

In addition to any of the information expressly required to be provided under paragraphs (i) through (iv) of this Section, the Obligor shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements for debt issues of the Obligor or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Obligor shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Obligor 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:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (ix), 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.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligor, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Obligor 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:

(i) Unless described in Section 5(a)(v), 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.

(ii) Modifications to the rights of Bondholders.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of the name of a trustee.

(viii) Incurrence of a Financial Obligation of the Obligor, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligor, any of which affect security holders.

(c) If the Obligor determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Obligor, the Obligor shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(vii) and (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Bond Indenture. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (c) prior to the occurrence of such Listed Event.

(d) If the Obligor determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Obligor, the Obligor shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Obligor hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Obligor and, if the Dissemination Agent is other than the Obligor, the Dissemination Agent shall not be responsible for determining whether the Obligor's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Obligor and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Obligor shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Obligor may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Obligor pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the Obligor and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Obligor and shall have no duty to review any information provided to it by the Obligor. 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 Obligor in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligor may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule, and provided further that the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Obligor shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Obligor. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a); and (b) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or to include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Obligor agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Obligor for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Obligor, the Owners, or any other party. The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Bond Indenture. The obligations of the Obligor under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the Obligor) and to the Obligor as follows:

Disclosure Representative: City of Garden Grove
City Manager
11222 Acacia Parkway
Garden Grove, California 92840

Dissemination Agent: Applied Best Practices LLC
19900 MacArthur Blvd #1100
Irvine, California 92612

SECTION 13. Beneficiaries. This Disclosure Agreement inures solely to the benefit of the Obligor, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the Obligor to the undertaking herein provided.

CITY OF GARDEN GROVE

By: _____
Its: City Manager

FIELDMAN, ROLAPP & ASSOCIATES, INC., DBA
APPLIED BEST PRACTICES LLC, as Dissemination Agent

By: _____
Its: Authorized Officer

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Mayor and City Council	From:	Council Member Kim Nguyen
Dept.:		Dept.:	
Subject:	Discussion on a proposed proclamation honoring October 2020 as Domestic Violence Awareness Month as requested by Council Member Kim Nguyen.	Date:	10/13/2020

Attached please find a proposed proclamation honoring October 2020 as Domestic Violence Awareness Month.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Proclamation	10/6/2020	Proclamation	10-13-20_Proclamation_October_2020_as_Domestic_Violence_Awareness_Month.10.6.20.pdf

PROCLAMATION

October 2020 as Domestic Violence Awareness Month

WHEREAS, the crime of domestic violence violates an individual's privacy, dignity, security and humanity due to the systematic use of physical, emotional, sexual, psychological and economic control and/or abuse;

WHEREAS, domestic violence leaves an imprint of fear and hostility;

WHEREAS, the problems of domestic violence are not confined to any group or groups of people but cross all economic, racial, affectional preference, and social barriers, thereby affecting society as a whole;

WHEREAS, in the City of Garden Grove, adults and children are victims of violence each year;

WHEREAS, the City of Garden Grove is committed to restoring the right to freedom from fear in our own homes;

WHEREAS, City of Garden Grove City is committed to restoring the right to freedom from fear in our communities; and

WHEREAS, in our quest to impose sanctions on those who break the law by perpetrating violence, we must also meet the needs of victims of domestic violence and their children who often suffer grave financial, physical, and psychological losses.

NOW, THEREFORE, the Garden Grove City Council hereby proclaims the month of October 2020 as "Domestic Violence Awareness Month" and urges all citizens, agencies, and businesses to work together as a team in our community through prevention, intervention and education programs to end domestic violence forever.