

AGENDA

Garden Grove Public Financing Authority



Tuesday, April 9, 2024

6:30 PM

Community Meeting Center 11300
Stanford Avenue Garden Grove California
92840

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 who attend the meeting in-person and would like 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 before the meeting begins. 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

Open Session

ROLL CALL: MEMBER BRIETIGAM, MEMBER O'NEILL, MEMBER DOVINH, MEMBER KLOPFENSTEIN, MEMBER NGUYEN-PENALOZA, VICE CHAIR TRAN, CHAIR JONES

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

2. CONSENT ITEMS

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

- 2.a. Receive and file minutes from the meeting held on November 14, 2023.
(Action Item)

3. PUBLIC HEARINGS

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

- 3.a. Adoption of a Resolution approving the issuance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A, authorizing the execution and distribution of documents related to such bond issuance. *(Joint Action Item with the City Council)*

4. MATTERS FROM THE CHAIR, AUTHORITY MEMBERS AND EXECUTIVE DIRECTOR:

5. ADJOURNMENT

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Lisa L. Kim From: Teresa Pomeroy
Dept.: Director Dept.: Secretary
Subject: Receive and file minutes Date: 4/9/2024
from the meeting held on
November 14, 2023. (*Action
Item*)

Attached are the minutes from the meeting held on November 14, 2023,
recommended to be received and filed as submitted or amended.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Minutes	4/3/2024	Minutes	pfa- minutes_11_14_2023.pdf

MINUTES

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Regular Meeting

Tuesday, November 14, 2023

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

CONVENE MEETING

At 6:50 p.m., Chair Jones convened the meeting.

ROLL CALL PRESENT: (7) Members O'Neill, Tran, DoVinh, Klopfenstein,
Nguyen-Penaloza, Vice Chair Brietigam,
Chair Jones

ABSENT: (0) None

ORAL COMMUNICATIONS

Speakers: Henry Torrez, Tina Vo, Nicholas Dibs.

Written Communications: Minh Vo

ADOPTION OF A RESOLUTION AND APPROVAL OF OTHER RELATED DOCUMENTS TO
AUTHORIZE THE DEFEASANCE OF THE GARDEN GROVE PUBLIC FINANCING
AUTHORITY LEASE REVENUE BONDS, SERIES 2015A (F: P-60.1)

PUBLIC FINANCING AUTHORITY ACTION

It was moved by Member O'Neill, seconded by Member Klopfenstein that:

Resolution No. 15-23 entitled: A Resolution of the Board of Directors of the Garden Grove Public Financing Authority authorizing the defeasance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A, the execution of an escrow agreement and a termination agreement, and approving certain acts in connection therewith and certain other matters, be adopted; and

The form be approved and the Executive Director/City Manager be authorized to execute the Escrow Agreement by and among the City of Garden Grove, the Garden Grove Financing Authority, and U.S. Bank Trust Company, as escrow agent; and

The form be approved and the Executive Director/City Manager be authorized to execute the Termination Agreement by and among the City of Garden Grove, the Garden Grove Public Financing Authority, and U.S. Bank Trust Company, as 2015 Trustee.

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

Ayes: (7) Brietigam, Tran, DoVinh, Klopfenstein,
 Nguyen-Penaloza, O'Neill, Jones
Noes: (0) None

CITY COUNCIL ACTION

It was moved by Council Member O'Neill, seconded by Council Member Klopfenstein that:

Resolution No. 9828-23 entitled: A Resolution of the City Council of the City of Garden Grove authorizing the defeasance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A, the execution of an escrow agreement and a termination agreement, and approving certain acts in connection therewith and certain other matters, be adopted;

The form be approved and the City Manager/Executive Director be authorized to execute the Escrow Agreement by and among the City of Garden Grove, the Garden Grove Public Financing Authority, and U.S. Bank Trust Company, as escrow agent; and

The form be approved and the City Manager/Executive Director be authorized to execute the Termination Agreement by and among the City of Garden Grove, the Garden Grove Public Financing Authority, and U.S. Bank Trust Company, as 2015 Trustee.

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

Ayes: (7) O'Neill, Tran, DoVinh, Klopfenstein,
 Nguyen-Penaloza, Brietigam, Jones
Noes: (0) None

RECEIVE AND FILE MINUTES FROM THE MEETING HELD OCTOBER 13, 2020 (F: Vault)

It was moved by Member O'Neill, seconded by Member Klopfenstein that:

Minutes from the meeting held on October 13, 2020, be received and filed.

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

Ayes: (7) O'Neill, Tran, DoVinh, Klopfenstein,
Nguyen-Penaloza, Brietigam, Jones
Noes: (0) None

ADOPTION OF A RESOLUTION TO APPROVE THE ISSUANCE OF FEDERALLY TAX-EXEMPT LEASE REVENUE BONDS OR CERTIFICATES OF PARTICIPATION TO FINANCE THE PUBLIC SAFETY FACILITY AND CIVIC CENTER REVITALIZATION PROJECT (F: P-60.1)

Following staff introduction, it was moved by Vice Chair O'Neill, seconded by Member Brietigam that:

Resolution No. 16-23 entitled: A Resolution of the Board of Directors of the Garden Grove Public Financing Authority providing for the issuance of federally tax-exempt lease revenue bonds or certificates of participation to finance the City of Garden Grove Public Safety Facility and Civic Center Park Project and approving certain acts in connection therewith, be adopted.

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

Ayes: (7) O'Neill, Tran, DoVinh, Klopfenstein,
Nguyen-Penaloza, Brietigam, Jones
Noes: (0) None

ADJOURNMENT

At 7:12 p.m., Chair Jones adjourned the meeting.

Teresa Pomeroy, CMC
Secretary

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Lisa L. Kim	From:	Patricia Song
Dept.:	Director	Dept.:	Finance
Subject:	Adoption of a Resolution approving the issuance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A, authorizing the execution and distribution of documents related to such bond issuance. <i>(Joint Action Item with the City Council)</i>		
		Date:	4/9/2024

OBJECTIVE

For Board of the Garden Grove Public Financing Authority to hold a public hearing and adopt a resolution approving the issuance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A in the principal amount of \$140,000,000 (the Bonds) and the execution and delivery of a Ground Lease, Lease Agreement, Indenture, Continuing Disclosure Certificate and Bond Purchase Agreement in connection with the bond issuance, and authorizing the distribution of an official statement in connection with the offering and sale of such bonds, and other necessary documents, certificates and related actions.

BACKGROUND

On March 26, 2024, the City Council approved a certain Project Agreement with Edgemoor Garden Grove Civic Center Partners LLC (the Developer) for the design and construction of the Civic Center Revitalization Project, which includes a new public safety facility, a parking structure, a re-imagined Civic Center Park, and the demolition of the existing police headquarters (the Project).

The estimated cost of the Project is \$152 million. The City set aside \$12 million in cash during the Fiscal Year 2021-22 budget process since the planning phase of the Project. The remaining \$140 million will be financed.

Various financing options were evaluated with the Developer's financing team and the City's municipal advisor. It was concluded that issuing tax-exempt lease revenue bonds through the Garden Grove Financing Authority (the Authority) was the most

cost-effective method to finance the Project cost. On November 14, 2023, the Garden Grove City Council adopted Resolution 9833-23 authorizing staff to take necessary actions to present the Bonds and related agreements and documents to the City Council and the Board of the Authority for approval at a future meeting.

DISCUSSION

If approved, the Bonds are anticipated to be issued on or about June 4, 2024. Proceeds will be used to pay a portion of the Project cost. The Bonds are special obligations of the Authority, payable solely from base rental payments to be made by the City. The obligation of the City to make such rental payments does not constitute a debt of the City, and 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 Authority has no power to tax.

The City has covenanted to provide timely disclosures to the Municipal Securities Rulemaking Board, including certain financial and operating data, and notice of certain events listed in the Continuing Disclosure Certificate (Attachment 5).

To avoid capitalized interest and save on borrowing costs, the City will pledge certain facilities for the Bonds while the Public Safety Facility (PSF) and the parking structure are under construction. These properties include the City Hall, the existing Police headquarters, the Community Meeting Center, the Senior Center, the Municipal Services Center/Public Works Yard, the City Administrative Office Building, and the Garden Grove Park, including the Sports and Recreation Center and the Atlantis Play Center. The liens on these properties will be released upon the occupancy of the new PSF, at which time the PSF and parking structure will serve as the sole pledge for the Bonds.

The financing team for the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A consists of the following parties:

- Municipal Advisor – Fieldman, Rolapp & Associates, Inc.
- Bond and Disclosure Counsel - Stradling Yocca Carlson & Rauth LLP
- Underwriter - Stifel, Nicolaus & Company, Incorporated
- Underwriter's Counsel – Anzel Galvan LLP
- Trustee - U.S. Bank Trust Company, National Association
- City Attorney and City staff

FINANCIAL IMPACT

The par amount of the Bonds is \$140 million, to be paid over 30 years. Per preliminary sizing performed by the Bonds' underwriter, Stifel, Nicolaus & Company, Inc. based on market conditions as of March 15, 2024, the average coupon rate is 4.690%, with true interest cost of 4.196%. Average annual debt service is \$8.85 million. This amount will be programmed into the City's annual operating budget in the General Fund.

On January 9, 2024, staff presented a five-year General Fund forecast to the City Council. Under the base case scenario, the General Fund's revenue would continue to exceed its operating expenditures after factoring in an estimated \$9 million annual

debt service payment.

Using market conditions as March 15, 2024, and assuming an underlying rating of AA for the Bonds based on the City's current rating received from Standard & Poor's in September 2021, the underwriter projects the Bonds would be issued with a premium of approximately \$9.95 million. The premium will be used to pay for (1) the cost of issuance, which is estimated to be \$833,200, and bond insurance in the amount of \$527,657, and (2) to reimburse the City's General Fund for eligible Project costs incurred prior to the bond issuance. However, all proceeds from the Bonds including potential interest earnings will remain designated for the Project and other purposes directly related to the Civic Center Revitalization plan through the City's budgeting process. Such uses might include the potential installation of solar equipment which would include a Power Purchase Agreement for the PSF and possibly other adjacent City facilities, such as the Fire Station, the Community Meeting Center and the Senior Center.

The issuance of the Bonds will not result in additional taxes or fees to the City's taxpayers.

RECOMMENDATION

It is recommended that the Board of Directors of the Garden Grove Public Financing Authority and the Garden Grove City Council:

- Hold a public hearing to hear testimony for possible issuance by the Garden Grove Public Financing Authority of its Lease Revenue Bonds, Series 2024A in the principal amount of not to exceed \$140,000,000 and the execution and delivery by the City and the Authority of a Lease Agreement, under which the City will make base rental payments to the Authority which shall be sufficient in time and amount to pay scheduled debt service on the Bonds and to finance the design and construction of certain public capital improvements to be located at Acacia Parkway, east of Euclid Street, in the city of Garden Grove, California, including an approximately 100,000 square foot public safety facility, a four-level parking structure that will provide approximately 350 parking spaces, and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway, Garden Grove, California.
- Adopt a resolution authorizing the execution and delivery of a Ground Lease, Lease Agreement, Indenture, Continuing Disclosure Certificate, and Bond Purchase Agreement in connection with the issuance of Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A, approving the issuance of such Bonds in an aggregate principal amount of not to exceed \$140,000,000, authorizing the distribution of an Official Statement in connection with the offering and sale of such Bonds, and authorizing the execution of necessary documents and certificates and related actions (Attachment 1).
- Approve and authorize the execution of the Ground Lease by and between the City of Garden Grove and Garden Grove Public Financing Authority relating to

the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A (Attachment 2).

- Approve and authorize the execution of a Lease Agreement by and between the City of Garden Grove and Garden Grove Public Financing Authority relating to the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A (Attachment 3).
- Approve and authorize the execution of the Indenture by and among Garden Grove Public Financing Authority, the City of Garden Grove, and U.S. Bank Trust Company, National Association (Attachment 4).
- Approve and authorize the execution of the Continuing Disclosure Certification (Attachment 5).
- Approve and authorize the execution of the Bond Purchase Agreement between Stifel, Nicolaus & Company, Incorporated and the Garden Grove Public Financing Authority and the City of Garden Grove (Attachment 6).
- Approve and authorize the distribution of the Preliminary Official Statement relating to the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A (Attachment 7).
- Approve and authorize the execution of the Memorandum of Lease Agreement by and between the City of Garden Grove and the Garden Grove Public Financing Authority (Attachment 8).
- Approve and authorize the execution of the Indenture by and between the Garden Grove Public Financing Authority and U.S. Bank Trust Company, National Association (Attachment 9).
- Authorize the City Manager or her designee to execute any other documents that are necessary to cause the issuance of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A.
- Authorize the City Manager or her designee to negotiate and finalize documents for a power purchase agreement to provide sustainable energy for the Public Safety Facility and adjacent areas; and, return to City Council for final approval and authorization to enter into such agreement.
- Authorize the City Manager or her designee to appropriate funds from the proceeds of the Bonds including potential premiums and interest earnings after paying the cost of the issuance for the Project and other items directly related to the Project and Civic Center Revitalization plan.

ATTACHMENTS:

Description	Upload Date	Type	File Name
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Attachment 1 - Resolution	4/2/2024	Resolution	Attachment_1_-_PFA_Authorizing_Resolution.pdf
Attachment 2 - Ground Lease	4/2/2024	Agreement	Attachment_2_-_Ground_Lease.pdf
Attachment 3 - Lease Agreement	4/2/2024	Agreement	Attachment_3_-_Lease_Agreement.pdf
Attachment 4 - Indenture	4/2/2024	Exhibit	Attachment_4_-_Indenture.pdf
Attachment 5 - Continuing Disclosure Certificate	4/2/2024	Exhibit	Attachment_5_-_Continuing_Disclosure_Certificate.pdf
Attachment 6 - Bond Purchase Agreement	4/2/2024	Agreement	Attachment_6_-_Bond_Purchase_Agreement.pdf
Attachment 7 - Preliminary Official Statement	4/2/2024	Exhibit	Attachment_7_-_Official_Statement.pdf
Attachment 8 - Memorandum of Lease Agreement	4/2/2024	Exhibit	Attachment_8_-_Memorandum_of_Lease_Agreement.pdf
Attachment 9 - Assignment Agreement	4/2/2024	Agreement	Attachment_9_-_Assignment_Agreement.pdf

GARDEN GROVE PUBLIC FINANCING AUTHORITY

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE
PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND
DELIVERY BY THE AUTHORITY OF A GROUND LEASE, LEASE
AGREEMENT, INDENTURE, ASSIGNMENT AGREEMENT, AND BOND
PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF
GARDEN GROVE PUBLIC FINANCING AUTHORITY LEASE REVENUE
BONDS, SERIES 2024A, AUTHORIZING THE ISSUANCE OF SUCH BONDS IN
AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$140,000,000,
AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN
CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND
AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND
CERTIFICATES AND RELATED ACTIONS

WHEREAS, the Garden Grove Public Financing Authority (the "Authority") is a joint exercise of powers entity duly organized and existing pursuant to the laws of the State of California and that certain Joint Exercise of Powers Agreement, dated June 22, 1993, as amended by Amendment No. 1 thereto dated March 28, 2006, and by Amendment No. 2 thereto dated November 1, 2020, the current members of which are the City of Garden Grove (the "City") and the Garden Grove Sanitary District (the "Joint Powers Agreement");

WHEREAS, pursuant to the Joint Powers Agreement and Section 6588(h) of the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Act"), the Authority has the legal authority to lease and sublease lands, structures, real or personal property, and other interests in lands that are located within the State of California that the Authority determines are necessary or convenient for the financing of public capital improvements, or any portion thereof; and

WHEREAS, the City has entered into a Project Agreement (the "Project Agreement"), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company ("Edgemoor"), pursuant to which Edgemoor has agreed to develop certain public capital improvements to be located on City-owned property at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility (the "PSF"), a four-level parking structure that will provide approximately 350 parking spaces (the "Parking Structure"), and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway in the City (collectively, the "Project");

WHEREAS, the City and the Authority desire to finance all or a portion of the acquisition, construction, installation, and demolition work constituting the Project as provided in the Project Agreement;

WHEREAS, the City is a member of the Authority and the Project is located within the boundaries of the City;

WHEREAS, the City has, prior to the consideration of this Resolution, held a public hearing on the financing of the Project in accordance with Section 6586.5 of the Act, which hearing was

held at 11300 Stanford Avenue, Garden Grove, California 92840 on April 9, 2024 and adopted its resolution approving the financing and making a finding of significant public benefit in accordance with the Act;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in the Orange County News, an adjudicated local newspaper of the general circulation in the City;

WHEREAS, the Authority and the City have determined that it would be in the best interests of the Authority, the City and residents of the City to authorize the preparation, sale and delivery of the "Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A" (the "Bonds") for the purpose of financing all or a portion of the Project;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the "Ground Lease") pursuant to which the City will lease certain real property, which real property shall consist of property the property on which the PSF and Parking Structure will be located and, during the period of construction of the PSF and Parking Structure (Phase 1 of the Project), the following additional City-owned properties: the City Hall, Community Meeting Center, Senior Center, Municipal Services Center/Public Works Yard, City Administrative Office Building, and Garden Grove Park (including the Garden Grove Sports and Recreation Center and Atlantis Play Center), and the existing police headquarters, subject to adjustment as described in Section 2 below (the "Leased Assets") to the Authority, and a Lease Agreement between the City and the Authority (the "Lease Agreement"), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which will be pledged to the owners of the Bonds by the Authority pursuant to an Indenture by and among U.S. Bank Trust Company, National Association (the "Trustee"), the City and the Authority (the "Indenture");

WHEREAS, the Authority and the Trustee desire to enter into an Assignment Agreement in order to provide, among other things, that all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee;

WHEREAS, the Authority will issue the Bonds pursuant to the Act;

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Stifel, Nicolaus & Company, Incorporated, to act as underwriter (the "Underwriter") and to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") has been prepared;

WHEREAS, good faith estimates of certain information relating to the Bonds are disclosed and set forth in Exhibit A attached to this Resolution as required by California Government Code Section 5852.1; such estimates were provided by the Municipal Advisor based on preliminary bond pricing information provided by the Underwriter;

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") has been presented with the form of each document referred to herein, and the Board of Directors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, the Board of Directors of the Garden Grove Public Financing Authority does hereby resolve, determine and order as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors so finds. Each of the above recitals is true and correct. The Board of Directors of the Authority has determined and hereby finds that the Authority's assistance in financing the Project by the issuance of the Bonds and related transactions will result in significant public benefits of the type described in Section 6586 (a) through (d), inclusive, of the Act.

Section 2. The forms of the Lease Agreement and the Ground Lease, on file with the Secretary of the Authority, are hereby approved, and the Chair, Vice Chair, Executive Director, Treasurer, and Secretary, and each of their authorized designees (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Lease Agreement and the Ground Lease, respectively, in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Lease Agreement and the Ground Lease shall terminate no later than April 1, 2054 (provided that such term may be extended as provided therein) and the all-in true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 6.00% per annum. In the event that it is determined by the City Manager, or her designee, that there are limitations or restrictions on the ability of the City to lease or sublease any portion of the Leased Assets as contemplated by the Ground Lease and Lease Agreement, or that other City-owned property would be more appropriate to use as Leased Assets under the Ground Lease and the Lease Agreement the City Manager, or her designee, is hereby expressly authorized to designate other or additional real property of the City to be leased or subleased pursuant to the Ground Lease and Lease Agreement, with such designation to be conclusively evidenced by the execution and delivery of the Ground Lease and Lease Agreement by one or more of the Authorized Officers.

Section 3. The form of Indenture, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$140,000,000, the final maturity date of the Bonds shall be no later than April 1, 2054 and the all-in true interest cost applicable to the Bonds shall not exceed 6.00% per annum and, provided, further, that such changes, insertions and omissions shall be consistent with the terms

of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement. In the event that it is determined by the Treasurer, or her designee, that the funding or financing of capitalized interest on the Bonds would be in the best interests of the City, the Indenture may be modified to provide for capitalized interest on such basis as is determined by the Treasurer or her designee, such determination to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer.

Section 4. The issuance of not to exceed \$140,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby authorized and approved.

The sale and issuance of the Bonds is hereby determined to be consistent with the Authority's Debt Management Policy, and to the extent the sale and issuance of the Bonds is not in compliance with the Authority's Debt Management Policy, such noncompliance is waived in accordance with the terms of the Authority's Debt Management Policy.

Section 5. The form of Assignment Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Bond Purchase Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name of the Authority to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount paid by the Underwriter) from the principal amount of the Bonds in excess of one half of one percent (0.50%) of the aggregate principal amount of the Bonds.

Section 7. The form of Preliminary Official Statement, on file with the Secretary of the Authority, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such Rule).

The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 8. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval

to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the Authority.

Section 9. Stradling Yocca Carlson & Rauth LLP, is hereby approved and appointed as Bond and Disclosure Counsel, Fieldman, Rolapp & Associates, Inc., is hereby approved and appointed as Municipal Advisor, and U.S. Bank Trust Company, National Association is hereby appointed as Trustee, each to provide such services to the Authority and any other related services as may be required to issue the Bonds.

Section 10. The officers and agents of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Specifically and without limiting the foregoing, any Authorized Officer is authorized and directed to solicit and accept bids for bond insurance and, if applicable, a reserve account insurance policy, for the Bonds, provided such officer determines acceptance of the best bid will result in lower overall debt service or lower interest cost, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and the terms thereof, are hereby authorized and approved. Anything to the contrary herein notwithstanding, in the event the Executive Director determines in consultation with the Municipal Advisor that the cost efficient marketing of the Bonds requires creation of a funded reserve under the Indenture, each of the Indenture, Lease Agreement and other documents approved herein may be revised to reflect the funding of such a reserve. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED this 9th day of April, 2024.

Chair

(SEAL)

ATTEST:

Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Teresa Pomeroy, Secretary of the Board of Directors of the Garden Grove Public Financing Authority, do hereby certify that the above and foregoing Resolution was duly and regularly adopted by the Board of Directors of said Authority and was signed by the Chair of said Board at a regular meeting held on the 9th day of April, 2024, and that it was so adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

Secretary of the Garden Grove Public Financing
Authority

(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Teresa Pomeroy, Secretary of the Garden Grove Public Financing Authority, do hereby certify that the above and foregoing Resolution is a full, true and correct copy of Resolution No. _____ of said Board, and that the same has not been amended or repealed as of the date hereof.

DATED: _____, 2024.

Secretary of the Garden Grove Public Financing
Authority

(SEAL)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Authority's Municipal Advisor, Fieldman, Rolapp & Associates, Inc., in consultation with Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Bonds.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be issued and sold is **\$140,000,000** (the "Estimated Principal Amount"), which excludes approximately **\$9,949,766** of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of such bonds. The Estimated Principal Amount plus the net premium represent the total estimated proceeds available in the aggregate amount of **\$149,949,766**.

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is **4.20%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate and expectation to purchase bond insurance at a net beneficial cost to the Authority (meaning the cost of the insurance premium will be less than the reduced interest cost to the Authority), its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **\$1,360,857**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$148,588,909**.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is **\$263,933,400**, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, 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 issued and sold being different from the Estimated Principal Amount, (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, (f) alterations to the Authority's financing plan, or a combination of such factors.

RECORDING REQUESTED BY:

Garden Grove Public Financing Authority

AND WHEN RECORDED RETURN TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES.

GROUND LEASE

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of June 1, 2024

Relating to

\$ _____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A**

GROUND LEASE

THIS GROUND LEASE (this “Ground Lease”), executed and entered into as of June 1, 2024, is by and between the CITY OF GARDEN GROVE (the “City”), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessor, and the GARDEN GROVE PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers entity duly organized and existing under the laws of the State of California, as lessee.

WITNESSETH:

WHEREAS, the City has entered into that certain Project Agreement dated as of April 1, 2024 (the “Project Agreement”), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company (“Edgemoor”), pursuant to which Edgemoor has agreed to develop certain public capital improvements to be located on City-owned property located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility, a four-level parking structure that will provide approximately 350 parking spaces, and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway in the City (collectively, the “Project”);

WHEREAS, the City and the Authority desire to finance all or a portion of the acquisition, construction, installation, and demolition work constituting the Project as provided in the Project Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A” (the “Series 2024A Bonds”) for the purpose of financing the Project;

WHEREAS, in order to facilitate the issuance of the Series 2024A Bonds, the City will lease certain real property and the improvements located thereon (the “Property”) to the Authority pursuant to this Ground Lease and the City will sublease the Property back from the Authority pursuant to the Lease Agreement dated as of the date hereof (the “Lease Agreement”);

WHEREAS, during the construction of the Project, the Property will consist of the Project Site (described in Exhibit A) and the Release Property (described in Exhibit B); upon completion of construction of the Property the City is permitted to release the Release Property from the Lease Agreement and this Ground Lease as provided in more detail in Section 10.04 of the Lease Agreement.

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance all or a portion of the Project through the issuance by the Authority of the Series 2024A Bonds payable from the base rental payments (the “Base Rental Payments”) to be made by the City under the Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of such bonds payable from the Base Rental Payments pursuant to an Indenture, dated as of the date hereof, by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”);

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof (the “Assignment Agreement”);

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Ground Lease 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 Ground Lease;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in the Lease Agreement shall have the same meaning in this Ground Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01 Lease of Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Ground Lease.

Section 2.02 Rental. The Authority shall pay to the City as and for rental of the Property hereunder, the sum of \$1.00, the receipt of which is hereby acknowledged.

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of this Ground Lease to (a) take possession of the Property, subject to Permitted Encumbrances, (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and/or (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the City’s cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Ground Lease, the Indenture and the Lease Agreement.

Section 4.03 Waiver of Personal Liability. All liabilities under this Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City hereby releases each and every director, officer and employee of the Authority from any personal or individual liability under this Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under this Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority hereby releases each and every member, officer and employee of the City from any personal or individual liability under this Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City hereunder.

Section 4.04 Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05 Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06 Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the City in order for the City to perform its governmental functions.

Section 4.07 Representations of the Authority. The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Ground Lease.

ARTICLE V

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 5.01 Assignment and Subleasing. This Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Section 5.02 Restrictions on City. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this Ground Lease.

ARTICLE VI

TERM; TERMINATION

Section 6.01 Term. The term of this Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including [April 1, 2054], unless such term is extended or sooner terminated as hereinafter provided.

Section 6.02 Extension; Early Termination. If, on [April 1, 2054], the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of this Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, except that the term of this Ground Lease shall in no event be extended more than ten years. If, prior to [April 1, 2054], all Bonds shall be fully paid, or provisions therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, the term of this Ground Lease shall end simultaneously therewith.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement.

Section 7.04 Assignment to Trustee. The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to this Ground Lease (but none of its obligations and none of its rights to provide consents or approvals hereunder) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Section 7.05 Execution In Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.07 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Ground Lease to be executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

CITY OF GARDEN GROVE

By: _____
Steven R. Jones
Mayor

ATTEST:

Teresa Pomeroy
City Clerk

GARDEN GROVE PUBLIC FINANCING AUTHORITY

By: _____
Steven R. Jones
Chair

ATTEST:

Teresa Pomeroy
Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Property conveyed under the foregoing to the Garden Grove Public Financing Authority, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Directors of the Garden Grove Public Financing Authority, pursuant to authority conferred by resolution of said Board of Directors adopted on April 9, 2024, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: June 1, 2024

GARDEN GROVE PUBLIC FINANCING AUTHORITY

By: _____
Lisa Kim, Executive Director

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

)

) SS.

)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

)

)

ss.

COUNTY OF ORANGE

)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT SITE

[To come]

EXHIBIT B

LEGAL DESCRIPTION OF THE RELEASE PROPERTY

[To come]

LEASE AGREEMENT

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of June 1, 2024

Relating to

\$_____
GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A

TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS 2
Section 1.01	Definitions 2
ARTICLE II	LEASE OF PROPERTY; TERM 5
Section 2.01	Lease of Property 5
Section 2.02	Term; Occupancy 5
ARTICLE III	RENTAL PAYMENTS 5
Section 3.01	Base Rental Payments 5
Section 3.02	Additional Rental Payments 6
Section 3.03	Fair Rental Value 6
Section 3.04	Payment Provisions 7
Section 3.05	Appropriations Covenant 7
Section 3.06	Rental Abatement 7
ARTICLE IV	ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF THE PROJECT 8
Section 4.01	Deposit of Bond Proceeds; City Deposit 8
Section 4.02	Acquisition, Construction and Improvement of the Project 8
Section 4.03	Compliance with Law 8
Section 4.04	Payment of Costs 8
Section 4.05	Time of Completion and Liquidated Damages 8
Section 4.06	Construction and Acquisition of the Project 9
Section 4.07	Completion Date; Certification 9
ARTICLE V	MAINTENANCE, ALTERATIONS AND ADDITIONS 9
Section 5.01	Modification of the Property 9
Section 5.02	Maintenance and Utilities 10
Section 5.03	Installation of City's Equipment 10
ARTICLE VI	INSURANCE 11
Section 6.01	Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance 11
Section 6.02	Title Insurance 12
Section 6.03	Additional Insurance Provision; Form of Policies 12
Section 6.04	Self-Insurance 12
ARTICLE VII	DEFAULTS AND REMEDIES 13
Section 7.01	Defaults and Remedies 13
Section 7.02	Waiver 16
ARTICLE VIII	EMINENT DOMAIN; PREPAYMENT 16
Section 8.01	Eminent Domain 16
Section 8.02	Prepayment 16
ARTICLE IX	COVENANTS 17
Section 9.01	Right of Entry 17
Section 9.02	Liens 17

TABLE OF CONTENTS
(continued)

	Page
Section 9.03	Quiet Enjoyment..... 18
Section 9.04	Authority Not Liable..... 18
Section 9.05	Assignment and Subleasing..... 18
Section 9.06	Title to Property..... 19
Section 9.07	Authority's Purpose..... 19
Section 9.08	Representations of the City..... 19
Section 9.09	Representation of the Authority..... 19
ARTICLE X	NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE..... 19
Section 10.01	No Consequential Damages..... 19
Section 10.02	Use of the Property 19
Section 10.03	Substitution or Release of the Property 19
Section 10.04	Release of Release Property After Completion of Project 20
ARTICLE XI	MISCELLANEOUS 21
Section 11.01	Law Governing 21
Section 11.02	Notices 21
Section 11.03	Validity and Severability 21
Section 11.04	Net-Net-Net Lease 22
Section 11.05	Taxes..... 22
Section 11.06	Section Headings 22
Section 11.07	Amendments 22
Section 11.08	Assignment 23
Section 11.09	Execution 23
Signatures S-1
EXHIBIT A	LEGAL DESCRIPTION OF THE PROJECT SITE A-1
EXHIBIT B	LEGAL DESCRIPTION OF THE RELEASE PROPERTY B-1
EXHIBIT C	DESCRIPTION OF THE PROJECT C-1
EXHIBIT D	BASE RENTAL PAYMENT SCHEDULE D-1

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”) executed and entered into as of June 1, 2024, is by and between the CITY OF GARDEN GROVE (the “City”), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee, and the GARDEN GROVE PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, as lessor.

RECITALS

WHEREAS, the City has entered into that certain Project Agreement dated as of April 1, 2024 (the “Project Agreement”), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company (“Edgemoor”), pursuant to which Edgemoor has agreed to develop certain public capital improvements to be located on City-owned property located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility (the “PSF”), a four-level parking structure that will provide approximately 350 parking spaces (the “Parking Structure”), and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway (collectively, the “Project”);

WHEREAS, the City and the Authority desire to finance all or a portion of the acquisition, construction, installation, and demolition work constituting the Project as provided in the Project Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A” (the “Series 2024A Bonds”) for the purpose of financing the Project;

WHEREAS, in order to facilitate the issuance of the Series 2024A Bonds, the City will lease certain real property and the improvements located thereon (the “Property”) to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to this Lease Agreement;

WHEREAS, during the construction of the Project, the Property will consist of the Project Site (defined below and described in Exhibit A) and the Release Property (defined below and described in Exhibit B); upon completion of construction of the Property the City is permitted to release the Release Property from this Lease Agreement and the Ground Lease as provided in more detail in Section 10.04 herein;

WHEREAS, the City and the Authority desire to provide for the issuance of the Series 2024A Bonds pursuant to an Indenture, dated as of the date hereof, by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”);

WHEREAS, the Series 2024A Bonds are payable from base rental payments (the “Base Rental Payments”) to be made by the City hereunder;

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof, between the Trustee and the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease 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 Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease Agreement, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“Additional Bonds” means bonds other than the Series 2024A Bonds issued under the Indenture in accordance with the provisions thereof

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 hereof.

“Authority” means the Garden Grove Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“Base Rental Deposit Date” means the third (3rd) Business Day next preceding each Interest Payment Date.

“Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit D.

“Bonds” means the Series 2024A Bonds, and any Additional Bonds.

“City” means the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Closing Date” means June __, 2024.

“Completion Certificate” means a certificate of an Authorized City Representative delivered pursuant to Section 4.07 hereof to the effect that Phase 1 of the Project, consisting of the completion

of the PSF and the Parking Structure components of the Project, has been substantially completed in conformity with the Plans and Specifications for the Project and is available for occupancy.

“Costs” means, with respect to the Project, together with any other proper item of cost not specifically mentioned herein, (a) costs of payment of, or reimbursement for, acquisition, design, construction, rehabilitation, installation, delivery and financing of the Project, including, but not limited to, the payment of real property rental, administrative costs and capital expenditures relating to acquisition, construction, installation, and demolition, inspection costs, filing and recording costs, printing costs, reproduction and binding costs, fees and charges of the Trustee pursuant to the Indenture and other financing documents, legal fees and charges, financial, accounting and other professional consultant fees, costs of rating agencies or credit ratings, fees for the printing, execution, transportation and safekeeping of the Series 2024A Bonds; (b) all other costs which the City shall be required to pay under the terms of any contract or contracts for the acquisition, construction, delivery and installation of the Project, and demolition work required for the Project, including, but not limited to, the cost of insurance; (c) any sums required to reimburse the City for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Project; (d) any costs paid from the Net Insurance Proceeds to repair, restore or replace the Project; and (e) such other expenses not specified herein as may be necessary or incidental to the acquisition, construction, delivery and installation of the Project, the financing thereof and the placing of the same in use and operation. Costs, as defined herein, shall be deemed to include the cost and expenses incurred by any agent of the City for any of the above mentioned items.

“Ground Lease” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with to the provisions thereof and hereof.

“Indenture” means the Indenture, dated as of the date hereof, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement, dated June 22, 1993, as amended by Amendment No. 1 thereto dated March 28, 2006, and by Amendment No. 2 thereto dated November 1, 2020, 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, as originally executed and as it may from time to time be amended in accordance with the provisions thereof. The current members of the Authority are the City and the Garden Grove Sanitary District.

“Lease Agreement” means this Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

“Net Insurance Proceeds” means any insurance proceeds, condemnation award, or rental payment received pursuant to the Garden Grove Park Quitclaim Deed in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“Parking Structure” is defined in the Recitals.

“Permitted Encumbrances” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article VI hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) this Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (h) that certain quitclaim deed to the City from the United States of America, acting through the Administration of General Services, dated January 19, 1959 and recorded in the Official Records of Orange County, California on May 29, 1959 in Book 4736, Page 385, which contains a right to take and use all or a portion of Garden Grove Park during the existence of a national emergency declared by the President or Congress (the “Garden Grove Park Quitclaim Deed”), (i) that certain lease agreement between the City and the Orange County Association for Mental Health, for approximately 5,500 square feet of office space located at 11277 Garden Grove Blvd, Garden Grove, California, and (j) future subleases of the Property, including subleases for office space at the building located at 11277 Garden Grove Blvd., Garden Grove, California, entered into by the City, as sublessor, and third party tenants, as sublessee, so long as such subleases are entered into in compliance with Section 9.05 hereof.

“Project” is defined in the Recitals.

“Project Agreement” is defined in the Recitals.

“Project Site” means the real property described in Exhibit A hereto and improvements located thereon, including the Project.

“Property” means the Project Site and, until released pursuant to Section 10.04, the Release Property.

“PSF” is defined in the Recitals.

“Release Property” means all real property described in Exhibit B hereto and improvements located thereon.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the twelve-month period commencing on April 1 of each year during the term of the Lease Agreement.

“Series 2024A Bonds” means the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A issued under the Indenture.

“Termination Date” means [April 1, 2054], unless extended or sooner terminated as provided in Section 2.02 hereof.

“Trustee” means the trustee appointed under the Indenture and referred to therein as the Trustee.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01 Lease of Property.

(a) The Authority hereby leases to the City and the City hereby leases from the Authority the Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City’s leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and hereof. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Section 2.02 Term; Occupancy. The term of this Lease Agreement shall commence on the Closing Date and shall end on the Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of this Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of this Lease Agreement shall in no event be extended more than ten years beyond the Termination Date, such extended date being the “Maximum Lease Term.” If prior to the Termination Date, all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, then the term of this Lease Agreement shall end simultaneously therewith.

ARTICLE III

RENTAL PAYMENTS

Section 3.01 Base Rental Payments.

(a) Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of Section 3.06 and Article VIII hereof) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments

shall constitute principal, and a portion of which shall constitute interest. Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

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

(b) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Lease Agreement (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Section 3.02 Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

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

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to Article VI hereof;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all other payments required to be paid by the City under the provisions of this Lease Agreement or the Indenture.

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

Section 3.03 Fair Rental Value. The parties hereto have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in

any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.04 Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority or Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Section 3.05 Appropriations Covenant. The City covenants to take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its biennial budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final biennial budget includes all Base Rental Payments due in the fiscal years addressed in such budget within ten days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

Section 3.06 Rental Abatement. Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, a taking of all or a portion of the Property by the United States of America pursuant to rights reserved in the Garden Grove Park Quitclaim Deed, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or

destroyed; and the term of this Lease Agreement shall be extended as provided in Section 2.02 hereof, except that the term shall in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture or proceeds of the rental interruption insurance required by section 601(d) hereof are available, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds, accounts, and proceeds.

ARTICLE IV

ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF THE PROJECT

Section 4.01 Deposit of Bond Proceeds; City Deposit. Upon the issuance of the Series 2024A Bonds, the Authority agrees that all proceeds of the Series 2024A Bonds shall be paid to the Trustee and that such moneys shall be deposited with the Trustee and be applied as provided in Section 3.02 of the Indenture

Section 4.02 Acquisition, Construction and Improvement of the Project. The City agrees to acquire, construct, deliver and install any portion of the Project to be financed with the proceeds of the Series 2024A Bonds, or to cause such portion to be acquired, constructed, delivered and installed, with the proceeds of Series 2024A Bonds paid to the City by the Authority pursuant to Section 4.01 above and the Authority shall have no responsibility with respect thereto. The parties acknowledge that the City has entered into the Project Agreement to provide for the construction, delivery, and acquisition of the Project, including demolition of existing facilities as necessary to complete the Project.

Section 4.03 Compliance with Law. The City shall comply with all applicable provisions for bids and contracts prescribed by law with respect to the Project, including, without limitation, any applicable environmental review and approvals, Sections 22160 et seq. of the Public Contracts Code and Section 2.52.020 of the Garden Grove Municipal Code. The City acknowledges and agrees that specific expenditures for all or any portion of the Project, as now or hereafter designated, are expressly subject to compliance with such requirements.

Section 4.04 Payment of Costs. Payment of Costs shall be made from the moneys deposited with the Trustee in the Project Fund as provided in Section 4.01 hereof and Section 3.05 of the Indenture, which shall be disbursed from the Project Fund in accordance and upon compliance with Section 3.05 of the Indenture.

Section 4.05 Time of Completion and Liquidated Damages. Substantial completion of the PSF and Parking Structure shall be completed on or prior to May 2026 and substantial completion of the park reconfiguration and demolition of the existing police headquarters shall be completed on or prior to May 2027, subject to excused delays pursuant to standard City procedures (the “Completion Date”). The City agrees that if and to the extent the Project is not completed on or before the Completion Date, the City shall seek and enforce Edgemoor’s obligation to pay Delay Credits (defined in the Project Agreement) from Edgemoor as provided in Section 9.3(d) of the Project Agreement.

Section 4.06 Construction and Acquisition of the Project. The City agrees to oversee the construction, acquisition, delivery and installation of the Project in accordance with the following terms:

(a) Construction and Completion. The City agrees to proceed with all due diligence to complete the construction, acquisition, delivery and installation of the Project, all in accordance with the plans and specifications for the Project (the “Plans and Specifications”) approved by the City Engineer. The City shall comply with all statutes and laws applicable to the performance of its obligations hereunder, including all public laws applicable thereto and all laws regarding the approval, acquisition and construction of public projects by cities in the State of California. The City shall make certain that each contract relating to the Project is awarded in accordance with applicable law and contains a scheduled completion date which requires completion on or before the scheduled Completion Date referred to in Section 4.05 above;

(b) Change Orders. Subject to any other restrictions imposed upon the City, the City may approve any changes to the Plans and Specifications so long as any change does not, and all such changes as a whole do not, (i) substantially alter the nature of the Project, (ii) delay the completion of the Project beyond June 2027, (iii) reduce the fair rental value of the Project, or (iv) increase the total Costs of the Project to an amount in excess of the amount in the Project Fund unless there has been deposited with the City an amount equal to such excess or unless there has been deposited with the City a certificate of an Authorized Representative of the City, together with a revised construction budget demonstrating that the total amount on deposit to pay for the Project is adequate to allow the completion of the Project as planned;

(c) Payment of Costs of the Project. Payment of the portion of the Costs of the Project being financed by the City shall be made from moneys deposited in the Project Fund, and shall be disbursed for such purpose in accordance and upon compliance with the Indenture. Neither the Authority nor the City shall be liable for the payment of Costs of the Project other than from amounts on deposit in the Project Fund; and

(d) Unexpended Monies. The City agrees that unexpended moneys remaining in the Project Fund shall, upon payment in full of all Costs of the Project, be applied solely in accordance with the provisions of the Indenture.

Section 4.07 Completion Date; Certification. Upon the completion of acquisition, construction, delivery and installation of the portion of the Project to be financed with each issue of Bonds, the City shall deliver to the Trustee a Completion Certificate with respect thereto. On the date of filing a Completion Certificate concerning that portion of the Project financed with proceeds of Series 2024A Bonds, all excess moneys remaining in the Project Fund for the Series 2024A Bonds for which such Completion Certificate is delivered shall be applied in accordance with the provisions of Section 3.05 of the Indenture.

ARTICLE V

MAINTENANCE, ALTERATIONS AND ADDITIONS

Section 5.01 Modification of the Property.

(a) Subject to Section 9.02 hereof, the City and any sublessee shall, at its own expense, or with the proceeds of Additional Bonds, have the right to make additions, modifications, and improvements to any portion of the Property if such improvements are necessary or beneficial for the use of such portion of the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way cause an abatement of Rental Payments with respect to the Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds); and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall have an annual fair rental value which is not less than the annual Rental Payments.

(b) Subject to Section 9.02 hereof, the City and any sublessee shall, at its own expense, or with the proceeds of Additional Bonds, have the right to make replacements, redevelopment or renovation of all or a portion of the Property if the following conditions precedent are satisfied:

(i) The City receives an opinion of Bond Counsel, a copy of which the City shall furnish to the Authority and the Trustee, that (1) such replacement does not adversely affect the federal income tax exclusion or the State tax-exempt status of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds), and (2) this Lease will remain the legal, valid, binding and enforceable obligation of the City;

(ii) In the event such replacement, redevelopment or renovation would result in the temporary abatement of Rental Payments as provided in Section 3.06 hereof the City shall have notified any rating agency then providing a rating on the Bonds and shall deposit moneys with the Trustee in advance for payment of Rental Payments from the proceeds of Additional Bonds or from special funds of the City or other moneys, the application of which would not, in the opinion of Bond Counsel (a copy of which shall have been delivered to the Trustee), result in such Rental Payments constituting indebtedness of the City in contravention of the Constitution and laws of the State; and

(iii) The City shall certify to the Trustee that it has sufficient funds to complete such replacement, redevelopment or renovation.

Section 5.02 Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Section 5.03 Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any

interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

ARTICLE VI

INSURANCE

Section 6.01 Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.

(a) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of Section 6.04 hereof. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

(b) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All insurance required to be maintained pursuant to this subsection may be subject to a deductible in an amount not to exceed \$500,000. The City's obligations

under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(d) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (c) of this Section in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(e) The insurance required by this Section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes hereof.

Section 6.02 Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2024A Bonds and the initial aggregate principal amount of any Additional Bonds issued after the Closing Date. Such policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.03 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or this Lease Agreement or required thereby or hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Section 6.03 Additional Insurance Provision; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies required by Section 6.01 hereof, and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City shall cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2025, a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Certificate of the City as to the City's compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 6.04 Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the City pursuant to this Article shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by the City's Risk Manager, a professionally certified risk manager, or an independent insurance consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by the City's Risk Management Department, a professionally certified risk manager or an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the City's Risk Management Department, a professionally certified risk manager or an independent insurance consultant, as applicable; and

(c) in the event that the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01 Defaults and Remedies.

(a) (i) If the City shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in this subsection or in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of

default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating this Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(b) If (i) the City's interest in this Lease Agreement or any part thereof is assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the

Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property, then the City shall be deemed to be in default hereunder.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Notwithstanding anything to the contrary contained in this Lease Agreement, the Authority shall have no right upon a default hereunder by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in this Lease Agreement, the termination of this Lease Agreement by the Authority and its assignees on account of a default by the City under this Section shall not effect or result in a termination of the Ground Lease.

Section 7.02 Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE VIII

EMINENT DOMAIN; PREPAYMENT

Section 8.01 Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in subsection (a) of Section 4.01 of the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in Section 5.03 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Section 8.02 Prepayment.

(a) The City may prepay all or a portion of the Base Rental Payments attributable to the Series 2024A Bonds which are payable after April 1, 20__ from any source of available funds, on any date on or after April 1, 20__, by paying a prepayment price equal to (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2024A Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) of this Section, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Base Rental Payments attributable to the Series 2024A Bonds are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the principal and interest components of such Base Rental Payments shall be recalculated by the City and transmitted to the Trustee in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of this Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) of this Section and, if applicable, the corresponding provisions hereof relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to subsection (b) of this Section and, if applicable, such corresponding provisions, and payment of all other amounts owed under this Lease Agreement, the term of this Lease Agreement shall be terminated.

(e) Prepayments of Base Rental Payments attributable to the Series 2024A Bonds made pursuant to this Section shall be applied to the redemption of the Series 2024A Bonds as directed by the City and as provided in Section 4.01 of the Indenture.

(f) Before making any prepayment pursuant to this Article, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made (conditionally or otherwise), which date shall be not less than 20 nor more than 60 days from the date such notice is given to the Authority.

ARTICLE IX

COVENANTS

Section 9.01 Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 9.02 Liens. In the event the City shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Section 9.03 Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Section 9.04 Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to this Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Section 9.05 Assignment and Subleasing. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof to any other person or entity for any other purpose, subject to the satisfaction of all of the following conditions (a) through (d) below:

(a) this Lease Agreement and the obligation of the City to make all Rental Payments hereunder shall remain the primary obligation of the City;

(b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(d) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

The parties acknowledge that the City may, from time to time, enter into office leases with tenants at the building located at 11277 Garden Grove Blvd pursuant to this Section 9.05 and such office leases shall be considered Permitted Leases under this Lease Agreement.

Section 9.06 Title to Property. Upon the termination or expiration of this Lease Agreement (other than as provided in Section 7.01 and Section 8.01 hereof), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Section 9.07 Authority's Purpose. The Authority covenants that, prior to the discharge of this Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Section 9.08 Representations of the City. The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver this Lease Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Section 9.09 Representation of the Authority. The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver this Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement, the Assignment Agreement and the Indenture.

ARTICLE X

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

Section 10.01 No Consequential Damages. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease Agreement or the City's use of the Property.

Section 10.02 Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under this Lease Agreement.

Section 10.03 Substitution or Release of the Property. The City shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release of Property pursuant to

this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the City hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(a) the City shall have found (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) the City shall have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in Section 6.02 hereof;

(c) the City shall have provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the Orange County Clerk – Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained herein and in the Ground Lease;

(e) the City shall have provided notice of such substitution to each rating agency then rating the Bonds;

(f) no event of default (as described in Article VII hereof) has occurred and is continuing;

(g) the City will give, or cause to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate;

(h) the City will certify to the Trustee that the City has a current need for the substituted real property; and

(i) the City shall certify to the Trustee that any substitution shall not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

Section 10.04 Release of Release Property After Completion of Project. Without regard to the requirements of Section 10.03 above, the City may provide for release and deletion of the Release Property from the Property such that the Project Site constitutes the entire Property, provided that the City shall satisfy conditions (a), (b), and (c) below, compliance with each of which requirements is hereby declared to be a condition precedent to such release:

(a) The City shall file with the Authority and the Trustee a copy of a Lease Supplement which deletes the Release Property from the Lease Agreement (and, at the election of the City, from the Ground Lease);

(b) The City shall have delivered the Completion Certificate to the Trustee; and

Upon the satisfaction of all such conditions under this Section 10.04, this Lease Agreement shall thereupon end as to the Released Portion and shall thereupon continue as to the Project Site, and the Release Property shall be released from the Lease Agreement and no longer form part of the Property hereunder without further act or deed of the City, the Authority, or the Trustee, provided the Authority and the Trustee shall execute any such instruments evidencing such release as may be reasonably requested by the City from time to time. The City shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of such deletion.

MISCELLANEOUS

Section 11.02 Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

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

Section 11.03 Validity and Severability. If for any reason this Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the

City hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof; then and in such event this Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Property, and all of the terms, provisions and conditions of this Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 11.04 Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Section 11.05 Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

The City or any sublessee may, at the City’s or such sublessee’s expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 11.06 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease Agreement.

Section 11.07 Amendments.

(a) This Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City hereunder and thereunder may be amended at any time by an amendment hereto or thereto which shall become binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of this Lease Agreement or the Ground Lease.

(b) This Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City hereunder and thereunder may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the Authority and the

City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Sections 10.03 or 10.04 hereof;

(v) to provide for the issuance of Additional Bonds in accordance with Article III of the Indenture; or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Section 11.08 Assignment. The City and the Authority hereby acknowledge the assignment of this Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals hereunder), and the Base Rental Payments payable hereunder, to the Trustee pursuant to the Assignment Agreement. To the extent that this Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease 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 hereunder.

Section 11.09 Execution. This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDEN GROVE

By: _____
Steven R. Jones
Mayor

ATTEST:

City Clerk

GARDEN GROVE PUBLIC FINANCING AUTHORITY

By: _____
Steven R. Jones
Chair

ATTEST:

Secretary

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT SITE

[To come]

EXHIBIT B

LEGAL DESCRIPTION OF THE RELEASE PROPERTY

[To come]

EXHIBIT C

DESCRIPTION OF THE PROJECT

The design and construction of certain public capital improvements to be located on City-owned property located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility (the “PSF”), a four-level parking structure that will provide approximately 350 parking spaces (the “Parking Structure”), and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway, and related infrastructure improvements.

EXHIBIT D

BASE RENTAL PAYMENT SCHEDULE

<i>Base Rental Deposit Date (Third Business Day Prior to)</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total Base Rental Payment</i>
04/01/2025	\$	\$	\$
10/01/2025			
04/01/2026			
10/01/2026			
04/01/2027			
10/01/2027			
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04/01/2038			
10/01/2038			
04/01/2039			
10/01/2039			
04/01/2040			
10/01/2040			
04/01/2041			
10/01/2041			
04/01/2042			
10/01/2042			
04/01/2043			
10/01/2043			
04/01/2044			
10/01/2044			
04/01/2045			
10/01/2045			

Base Rental Deposit

***Date
(Third Business Day
Prior to)***

Principal Component

Interest Component

***Total Base Rental
Payment***

04/01/2046

10/01/2046

04/01/2047

10/01/2047

04/01/2048

10/01/2048

04/01/2049

10/01/2049

04/01/2050

10/01/2050

04/01/2051

10/01/2051

04/01/2052

10/01/2052

04/01/2053

10/01/2053

04/01/2054

Total

\$

\$

\$

INDENTURE

by and among

GARDEN GROVE PUBLIC FINANCING AUTHORITY

and

CITY OF GARDEN GROVE

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

Dated as of June 1, 2024

Relating to

\$_____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; EQUAL SECURITY

Section 1.01	Definitions.....	2
Section 1.02	Equal Security	12

ARTICLE II THE BONDS

Section 2.01	Authorization of Bonds.....	12
Section 2.02	Terms of Series 2024A Bonds	12
Section 2.03	Form of Series 2024A Bonds.....	13
Section 2.04	Transfer and Exchange of Bonds	14
Section 2.05	Registration Books	14
Section 2.06	Execution of Bonds.....	14
Section 2.07	Authentication of Bonds	14
Section 2.08	Temporary Bonds.....	14
Section 2.09	Bonds Mutilated, Lost, Destroyed or Stolen.....	15
Section 2.10	Book-Entry Bonds	15

ARTICLE III ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01	Issuance of Series 2024A Bonds.....	17
Section 3.02	Application of Proceeds of the Series 2024A Bonds.....	17
Section 3.03	[Reserved]	17
Section 3.04	Costs of Issuance Fund	17
Section 3.05	Project Fund	17
Section 3.06	Conditions for the Issuance of Additional Bonds	18
Section 3.07	Procedure for the Issuance of Additional Bonds	19
Section 3.08	Additional Bonds	20

ARTICLE IV REDEMPTION OF BONDS

Section 4.01	Redemption of Series 2024A Bonds.....	20
Section 4.02	Notice of Redemption	21
Section 4.03	Selection of Bonds for Redemption	22
Section 4.04	Partial Redemption of Bonds	22
Section 4.05	Effect of Notice of Redemption	22

ARTICLE V SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01	Pledge; Special Obligations	23
Section 5.02	Flow of Funds	23
Section 5.03	Application of Net Insurance Proceeds.....	24
Section 5.04	Title Insurance	25
Section 5.05	Rebate Fund	25
Section 5.06	Investment of Moneys.....	27

TABLE OF CONTENTS

(continued)

Page

ARTICLE VI COVENANTS

Section 6.01	Compliance with Agreements.....	28
Section 6.02	Compliance with Ground Lease and Lease Agreement.....	28
Section 6.03	Observance of Laws and Regulations.....	28
Section 6.04	Other Liens.....	28
Section 6.05	Prosecution and Defense of Suits	29
Section 6.06	Accounting Records and Statements.....	29
Section 6.07	Recordation and Filing.....	29
Section 6.08	Tax Covenants	29
Section 6.09	Continuing Disclosure	30
Section 6.10	Further Assurances.....	30

ARTICLE VII DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01	Action on Default.....	30
Section 7.02	Other Remedies of the Trustee.....	31
Section 7.03	Non-Waiver.....	31
Section 7.04	Remedies Not Exclusive	31
Section 7.05	No Liability by the Authority to the Owners	31
Section 7.06	No Liability by the City to the Owners.....	32
Section 7.07	No Liability of the Trustee to the Owners	32
Section 7.08	Application of Amounts After Default	32
Section 7.09	Trustee May Enforce Claims Without Possession of Bonds	32
Section 7.10	Limitation on Suits.....	33

ARTICLE VIII THE TRUSTEE

Section 8.01	Employment of the Trustee.....	33
Section 8.02	Duties, Removal and Resignation of the Trustee.....	33
Section 8.03	Compensation of the Trustee	34
Section 8.04	Protection of the Trustee	35

ARTICLE IX MODIFICATION OR AMENDMENTS

Section 9.01	Modifications and Amendments Permitted.....	37
Section 9.02	Effect of Supplemental Indenture	38
Section 9.03	Endorsement of Bonds; Preparation of New Bonds	38
Section 9.04	Amendment of Particular Bonds.....	38

ARTICLE X DEFEASANCE

Section 10.01	Discharge of Indenture.....	39
Section 10.02	Bonds Deemed To Have Been Paid.....	39
Section 10.03	Payment of Bonds After Discharge of Indenture.....	40

TABLE OF CONTENTS
(continued)

Page

ARTICLE XI
MISCELLANEOUS

Section 11.01	Benefits of Indenture Limited to Parties	40
Section 11.02	Successor Deemed Included in all References to Predecessor	40
Section 11.03	Execution of Documents by Owners	40
Section 11.04	Waiver of Personal Liability	41
Section 11.05	Destruction of Bonds	41
Section 11.06	Funds and Accounts	41
Section 11.07	Article and Section Headings Gender and References	41
Section 11.08	Partial Invalidity	41
Section 11.09	Disqualified Bonds	42
Section 11.10	Money Held for Particular Bonds	42
Section 11.11	Payment on Non-Business Days	42
Section 11.12	California Law	42
Section 11.13	Notices	43
Section 11.14	Notice to Rating Agencies	43
Section 11.15	Execution in Counterparts	43
Signatures	S-1
EXHIBIT A	FORM OF SERIES 2024A BOND	A-1
EXHIBIT B	FORM OF PROJECT FUND REQUISITION	B-1

INDENTURE

THIS INDENTURE (this “Indenture”), executed and entered into as of June 1, 2024, is by and among the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing pursuant to the Joint Powers Agreement (defined below) and the laws of the State of California (the “Authority”), the CITY OF GARDEN GROVE, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), and U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the City has entered into that certain Project Agreement dated as of April 1, 2024 (the “Project Agreement”), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company (“Edgemoor”), pursuant to which Edgemoor has agreed to design and construct certain public capital improvements to be located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility, a four-level parking structure that will provide approximately 350 parking spaces, and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway in the City (collectively, the “Project”);

WHEREAS, the City and the Authority desire to finance all or a portion of the acquisition, construction, installation, and demolition work constituting the Project as provided in the Project Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A” (the “Series 2024A Bonds”) for the purpose of financing the Project;

WHEREAS, in order to facilitate the issuance of the Series 2024A Bonds, the City will lease certain real property and the improvements located thereon (the “Property”) to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated as of the date hereof (the “Lease Agreement”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance all or a portion of the Project through the issuance by the Authority of the Series 2024A Bonds payable from the base rental payments (the “Base Rental Payments”) to be made by the City under the Lease Agreement;

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof;

WHEREAS, the Series 2024A Bonds will be payable equally and ratably from the Base Rental Payments;

WHEREAS, the Authority and the City desire to provide for the issuance of additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2024A Bonds (the Series 2024A Bonds and any such Additional Bonds being collectively referred to as the “Bonds”);

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority and the City have authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority and the City have determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture has been in all respects duly authorized;

NOW THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Lease Agreement.

“Additional Bonds” means Bonds other than the Series 2024A Bonds issued hereunder in accordance with the provisions of Sections 3.06 and 3.07 hereof.

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement, dated as of the date hereof, by and between the Authority and the Trustee, as amended and supplemented from time to time.

“Authority” means the Garden Grove Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

“Authorized Authority Representative” means the Chair, Vice Chair, Executive Director, Treasurer and Secretary of the Authority, or any other person authorized by the Board of Commissioners of the Authority to act on behalf of the Authority under or with respect to this Indenture.

“Authorized City Representative” means the Mayor of the City, the Mayor Pro Tem of the City, the City Manager of the City, the Finance Director of the City or the City Clerk, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to this Indenture.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Rental Payment Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Base Rental Payments” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to Section 3.01 of the Lease Agreement.

“Beneficial Owner” means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person’s subrogee.

“Bonds” means the Series 2024A Bonds and any Additional Bonds issued hereunder.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“City” means the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Closing Date” means May __, 2024.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of the date hereof, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Costs of Issuance” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and its counsel, the initial fees and expenses of any bond insurer or reserve fund credit facility provider, and other fees and expenses incurred in

connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

“Costs of Issuance Fund” means the fund by that name established in accordance with Section 3.04 hereof.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.10 hereof.

“Federal Securities” means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Ground Lease” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“Indenture” means this Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Information Services” means Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Interest Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Interest Payment Date” means April 1 and October 1 of each year, commencing on [October 1, 2024].

“Lease Agreement” means the Lease Agreement, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

“Opinion of Counsel” means a written opinion of Stradling Yocca Carlson & Rauth LLP, or other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01 hereof; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to—variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

- U.S. Treasury obligations
 - All direct or fully guaranteed obligations
- Farmers Home Administration
 - Certificates of beneficial ownership
- General Services Administration
 - Participation certificates

- U.S. Maritime Administration
 - Guaranteed Title XI financing
- Small Business Administration
 - Guaranteed participation certificates
 - Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-backed securities
 - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
 - Local authority bonds
- Washington Metropolitan Area Transit Authority
 - Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Senior debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
 - Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
 - Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)
 - Debt obligations
- Resolution Funding Corporation (REFCORP)
 - Debt obligations

(4) Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "A-1" or better by S&P and "Prime-1" by Moody's.

(7) Money market mutual funds rated “AAm” or “AAm-G” by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

(8) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank or any non-bank financial institution or primary dealer as designated by the Federal Reserve the long term debt of which is rated at least “BBB+” by Standard & Poor’s or Moody’s (including the Trustee or any of its affiliates); or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “BBB+” by Standard & Poor’s or Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “BBB+” or better by Standard & Poor’s or Moody’s, provided that:

(a) The collateral shall be securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the City to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the City (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase or reverse repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase or reverse repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “BBB” by Standard & Poor’s or “Baa2” by Moody’s, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the City.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by Standard & Poor’s or Moody’s, respectively.

(9) State Obligations

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the

unsecured general obligation debt of which is rated “A2” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated “A-1+” by S&P and “Prime-1” by Moody’s.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(10) Local Agency Investment Fund of the State of California.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt of the guarantor, or in the case of a monoline financial guaranty insurance company the claims paying ability of the guarantor, is rated at least “A+” by S&P and “A1” by Moody’s; provided, that prior written notice of an investment in the investment agreement is provided to S&P and, provided, further, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time for purposes identified in this Indenture other than acquisition of alternative investment property upon not more than seven days prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Indenture specifically requires the Trustee or the City to give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(d) a guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(e) the Trustee and the City receive the opinion of domestic counsel (which opinion shall be addressed to the City) that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(f) the investment agreement shall provide that if during its term (A) the provider’s or the guarantor’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A+” or “A1”, respectively, or, with respect to a foreign bank, below the ratings of such provider at the delivery date of the investment agreement, the

provider must, at the direction of the City or the Trustee (acting at the direction of the City) within 10 days of receipt of such direction, either (1) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee, the City or a Holder of the Collateral, United States Treasury Obligations which are free and clear of any third-party liens or claims at the Collateral Levels set forth below; or (2) repay the principal of and accrued but unpaid interest on the investment (the choice of (1) or (2) above shall be that of the City or Trustee (acting at the direction of the City), as appropriate), and (B) the provider's or the guarantor's rating by either Moody's or S&P is withdrawn or suspended or falls below "BBB" or "Baa2," or, with respect to a foreign bank, below "A+" or "A1" by S&P or Moody's, as appropriate, the provider must, at the direction of the City or the Trustee (acting at the direction of the City), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City or Trustee;

(g) the investment agreement shall state, and an opinion of counsel shall be rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee is in possession); and

(h) the investment agreement must provide that if during its term (A) the provider shall default in its payment obligations, the provider's obligation under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and (B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(12) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Project” means the acquisition, construction and installation of certain public capital improvements to be located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility, a four-level parking structure that will provide approximately 350 parking spaces, and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway in the City, and related infrastructure improvements.

“Project Fund” means the fund by that name established in accordance with Section 3.05 hereof.

“Principal Fund” means the account by that name established in accordance with Section 5.02 hereof.

“Rebate Fund” means the fund by that name established in accordance with Section 5.05 hereof.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“Record Date” means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through [March 31, 2025] and, thereafter, the twelve-month period commencing on April 1 of each year during the term of the Lease Agreement.

“Representation Letter” means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Series” means the Series 2024A Bonds executed, authenticated and delivered on the Closing Date and identified pursuant to this Indenture and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2024A Bonds” means the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A issued hereunder.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the Tax Certificate executed by the Authority and the City at the time of issuance of the Series 2024A Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee hereunder, appointed as provided herein.

“Written Certificate of the Authority” and **“Written Request of the Authority”** mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Written Certificate of the City” and **“Written Request of the City”** mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority or the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture and applicable laws of the State of California for the purpose of financing and refinancing the Project. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein.

Section 2.02 Terms of Series 2024A Bonds.

(a) The Series 2024A Bonds shall be designated the “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A.” Each Series of Additional Bonds shall bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series, of Bonds.

(b) The Series 2024A Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2024A Bond shall have more than one maturity date. The Series 2024A Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$_____, shall mature on April 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

***Maturity Date
(April 1)***

***Principal
Amount***

\$

***Interest
Rate***

%

(c) Interest on the Series 2024A Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2024A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2024A Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2024A Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2024A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2024A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

(d) The principal and premium, if any, of the Series 2024A Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2024A Bonds shall be subject to redemption as provided in Article IV.

Section 2.03 Form of Series 2024A Bonds. The Series 2024A Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.04 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

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

Section 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of an Authorized Authority Representative attested by the manual or facsimile signature of the Secretary or any duly authorized deputy secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.07 Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.08 Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be

determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.10 Book-Entry Bonds.

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2024A Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in subsection (c) of this Section, the registered Owner of all of the Book-Entry Bonds shall be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, registering the transfer of Book-Entry Bonds, obtaining any

consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (c) of this Section, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Authority determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of this Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Authority shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in Sections 2.04, 2.08 and 2.09 hereof. All such Bonds of such Series shall be in fully registered form in Authorized Denominations.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to this Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as

the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Series 2024A Bonds. The Authority may, at any time, execute the Series 2024A Bonds for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2024A Bonds and deliver the Series 2024A Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section 3.02 Application of Proceeds of the Series 2024A Bonds. On the Closing Date, the net proceeds of the sale of the Series 2024A Bonds received by the Trustee, \$_____ (being the purchase price for the Series 2024A Bonds), shall be deposited by the Trustee as follows:

(a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of \$_____ in the Project Fund to be applied as provided in Section 3.05 hereof.

Section 3.03 [Reserved].

Section 3.04 Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund.” On the Closing Date, there shall be deposited in the Costs of Issuance Fund the amount specified in Section 3.02 hereof. There shall be additionally deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. One hundred eighty (180) days following the Closing Date, or earlier upon the Written Request of the Authority, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Fund.

Section 3.05 Project Fund.

The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Project Fund.” The moneys in the Project Fund or the accounts therein shall be disbursed by the Trustee on behalf of the City as specified in a Written Request of the City in the form attached hereto as Exhibit

B. Each Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date on which the City determines that amounts in the Project Fund are no longer necessary for payment of the cost of the Project, the City shall submit a Written Request to the Trustee to transfer any remaining balance in the Project Fund not needed for Project Fund purposes, at the City's sole discretion, to the City for use on eligible capital facilities, and the Project Fund shall be closed. Investment earnings on amounts on deposit in the Project Fund shall remain on deposit in the Project Fund for application in accordance with this Section.

Section 3.06 Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2024A Bonds) payable from Base Rental Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds shall have been authorized under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The application of the proceeds of the sale of such Additional Bonds;

(ii) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on April 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on April 1, (ii) the Additional Bonds shall be payable as to interest semiannually on April 1 and October 1 of each year, except that the first installment of interest may be payable on either April 1 and October 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on April 1 and October 1, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(iv) The redemption premiums and terms, if any, for such Additional Bonds;

(v) The form of such Additional Bonds; and

(vi) If a reserve fund is to be established and maintained for such Series of Additional Bonds, the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in such reserve fund to be held as separate security for such Series of Additional Bonds;

(vii) Designate accounts in the Interest Fund, the Principal Fund, the Redemption Fund, the Rebate Fund and the reserve fund (if any) to be applicable to such Additional Bonds; and

(viii) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof, including the establishment of a capitalized interest fund for the Additional Bonds, if appropriate;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease shall have been amended, to the extent necessary, and the Lease Agreement shall have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City).

Nothing contained herein shall limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.07 Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by Section 3.06 hereof and the amendment to the Ground Lease, if any, required by Section 3.06 hereof, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, have been (or will be immediately upon issuance of such Additional Bonds) duly recorded in the Official Records of the Orange County, California Recorder's office;

(b) A Written Request of the Authority as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by Section 3.06 hereof) and the Ground Lease (including any amendment thereto required by Section 3.06 hereof) have been duly authorized, executed and delivered by, and constitute the valid

and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on any tax-exempt Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) a Written Certificate of the Authority that the requirements of Section 3.06 hereof have been met;

(e) a Written Certificate of the City that the requirements of Section 3.06 hereof and Sections 6.01 and 6.02 of the Lease Agreement have been met, and a Written Certificate of the City directing the application of the proceeds of such Additional Bonds; and

(f) Such further documents as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 3.08 Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to Sections 3.06 and 3.07 hereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2024A Bonds.

(a) Extraordinary Redemption. The Series 2024A Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to Sections 5.03 and 5.04 hereof, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) Optional Redemption. The Series 2024A Bonds maturing on or after April 1, 20__, shall be subject to optional redemption, in whole or in part, on any date on or after April 1, 20__, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to subsection (a) of Section 8.02 of the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(c) Sinking Fund Redemption. The Series 2024A Bonds maturing on April 1, 20__, are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, 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>Sinking Fund Redemption Date</i> <i>(April 1)</i>	<i>Principal Amount</i> <i>To Be Redeemed</i>
	\$

(maturity)

The Series 2024A Bonds maturing on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, 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>Sinking Fund Redemption Date</i> <i>(April 1)</i>	<i>Principal Amount</i> <i>To Be Redeemed</i>
	\$

(maturity)

In the event of a partial redemption pursuant to Section 4.01(a) or (b), the City shall provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Section 4.02 Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption shall 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 the Bonds to

be redeemed and upon other conditions set forth therein and that, if such money shall not have been so received or such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the Authority shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Section 4.03 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption pursuant to Section 4.01(a) hereof and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 4.05 Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

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

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 Pledge; Special Obligations. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act. Said pledge shall constitute a first lien on such assets.

All obligations of the Authority under this Indenture shall be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor hereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 5.02 Flow of Funds.

(a) The Trustee shall establish and maintain separate funds designated the “Base Rental Payment Fund,” the “Interest Fund,” the “Principal Fund” and the “Redemption Fund.” If Additional Bonds are issued, the Trustee shall establish subaccounts within each fund for each Series of Additional Bonds.

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Authority at any time shall be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund.

(b) The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner hereinafter provided, to the following respective funds in the following order of priority:

(1) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Payment Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date. Moneys in the Interest Fund shall be used by the Trustee to pay interest due on the Bonds on each Interest Payment Date.

(2) Principal Fund. On the Business Day immediately preceding each April 1, commencing [April 1, 2025], the Trustee shall transfer from the Base Rental Payment Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such April 1 either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the

purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(3) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to Section 5.03 or Section 5.04 hereof. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2024A Bonds redeemed pursuant to the provisions of subsections (a) and (b) of Section 4.01 hereof and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 5.03 Application of Net Insurance Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of any damage to or destruction of the Property caused by one of the perils covered by the insurance required by Section 6.01(c) of the Lease Agreement which would result in an abatement of rental payments or any portion thereof pursuant to Section 3.06 thereof, then the City shall apply the Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), together with other legally available funds that the City elects to contribute, to the repair, reconstruction or replacement of the damaged or destroyed portions of the Property; provided, however, that the City shall not be required to repair or replace any portion of the Property pursuant to this Section 5.03 if such Net Insurance Proceeds, together with any other amounts held under this Indenture and any other legally available funds made available by the City at its election, are sufficient to prepay (i) all of the Outstanding Bonds, or (ii) a portion of the Outstanding Bonds such that the resulting Base Rental Payments under Section 4.01(a) in any Rental Period following such partial prepayment are sufficient to pay in such Rental Period the principal of and interest on all Bonds to

remain Outstanding immediately after such partial redemption. If the City is not required to replace or repair the Property, or the affected portion thereof, or to use such amounts to redeem Bonds, in each case as set forth in this Section 5.03, then such proceeds (and rental interruption insurance proceeds not applied pursuant to the next paragraph) shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

Proceeds of rental interruption insurance shall be deposited to the Base Rental Payment Fund and applied to the payment of Base Rental Payments to the extent of any abatement thereof pursuant to the Lease Agreement, and otherwise as directed by the City.

The proceeds of any award in eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Section 5.04 Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Section 5.05 Rebate Fund.

(a) Establishment. The Trustee shall establish a fund for the Bonds designated the “Rebate Fund” when required in accordance herewith. Absent an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2024A Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series 2024A Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (1) shall be deemed conclusively to have complied with the provisions thereof if it follows

all Written Requests of the Authority or Written Requests of the City; (2) shall have no liability or responsibility to enforce compliance by the Authority or the City with the terms of the Tax Certificate and shall not be deemed to have knowledge of the terms thereof; (3) may rely conclusively on the Authority's or the City's calculations and determinations and certifications relating to rebate matters; and (4) shall have no responsibility to independently make any calculations or determinations or to review the Authority's or the City's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each fifth Bond Year, upon the Written Request of the Authority or Written Request of the City, an amount shall be deposited to the Rebate Fund by the Trustee from any Rental Payments legally available for such purpose (as specified by the Authority or the City in the aforesaid Written Request), if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the Authority or Written Request of the City, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Base Rental Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Written Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such

payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2024A Bonds and the payments described in subsection (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Series 2024A Bonds.

Section 5.06 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall hold any funds held by it uninvested.

Subject to the provisions of Section 5.06 hereof, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be retained in such fund or account.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the fair market value thereof, such valuation to be performed not less frequently than semiannually on or before each April 15 and October 15. In determining fair market value, the Trustee may use and rely conclusively on any generally recognized securities pricing service available to it (including brokers and dealers in securities).

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

The Trustee may make any investments hereunder through the bond or investment department or trust investment department of the entity acting as Trustee hereunder, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee hereunder, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder and such entity, or its

affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

ARTICLE VI

COVENANTS

Section 6.01 Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions hereof, and the Authority and the City will not suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

Section 6.02 Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Section 6.03 Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.04 Other Liens. The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

The Authority, the City and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Section 6.05 Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 6.06 Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Section 6.07 Recordation and Filing. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Section 6.08 Tax Covenants. Notwithstanding any other provision of the Indenture, absent an Opinion of Counsel that the exclusion from gross income of the interest on the Series 2024A Bonds will not be adversely affected for federal income tax purposes, the City and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Series 2024A Bonds and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City and the Authority will not take any action or refrain from taking any action or make any use of the proceeds of the Series 2024A Bonds or of any other moneys or property which would cause the Series 2024A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The City and the Authority will make no use of the proceeds of the Series 2024A Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which would cause the Series 2024A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City and the Authority will make no use of the proceeds of the Series 2024A Bonds and will not take or omit to take any action that would cause the Series 2024A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the Series 2024A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City and the Authority will make no use of the proceeds of the Series 2024A Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Series 2024A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City and the Authority take 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 Series 2024A Bonds for federal income tax purposes; and

(f) Miscellaneous. The City and the Authority will not take any action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the City and the Authority from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the Series 2024A Bonds, the interest with respect to which has been determined by an Opinion of Counsel to be subject to federal income taxation.

Section 6.09 Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, shall) or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.10 Further Assurances. Whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it hereby or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01 Action on Default. If an event of default (as described in Article VII of the Lease Agreement) shall happen, then such event of default shall constitute an event of default hereunder. The Trustee, as assignee of the Authority, shall give notice to the City of an event of default under the Lease Agreement. In each and every case during the continuance of an event of default, the Trustee may, upon being indemnified to its reasonable satisfaction therefor, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or

agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.02 hereof.

Section 7.02 Other Remedies of the Trustee. Subject to the provisions of Section 7.01 hereof, the Trustee shall have the right:

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

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

(c) by suit in equity upon the happening of any event of default hereunder to require the Authority and the City to account as the trustee of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 7.03 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee 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 Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall 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 conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

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

Section 7.04 Remedies Not Exclusive. Subject to the provisions of Section 7.01 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given 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 any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.05 No Liability by the Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease

Agreement or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.06 No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or herein, the City shall not have any obligation or liability to the Owners with respect to this Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.07 No Liability of the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or herein.

Section 7.08 Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to Article VII of the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Article VII of the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held hereunder (except funds in the Rebate Fund):

- (a) to the payment of all amounts due the Trustee under Article VIII hereof;
- (b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and
- (c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Section 7.09 Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Section 7.10 Limitation on Suits. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or Trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Employment of the Trustee. The Authority hereby appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained herein, all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Indenture, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee hereby covenants and agrees that it will not encumber the Property.

Section 8.02 Duties, Removal and Resignation of the Trustee. The Authority shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be: (i) a national banking association in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by federal or state authority, or (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least \$1,000,000,000 of assets. No removal, resignation or termination of the Trustee shall take effect until a successor, meeting the requirements above, shall be qualified and appointed. If such entity publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the

combined capital and surplus of such entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under this Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.03 Compensation of the Trustee. The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include “overhead expenses” except as such expenses are included as a component of the Trustee’s stated annual fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder, under the Lease Agreement, or in connection with any document or transaction contemplated hereunder or thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its misconduct. The duty of the City to indemnify the Trustee shall survive the termination and discharge of this Indenture and the earlier removal or resignation of the Trustee.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When

the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.04 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners of the Bonds pursuant to this Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or

receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence or breach of an obligation hereunder.

The Trustee shall not be deemed to have knowledge of an event of default unless it has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture and the Lease Agreement, including, but not limited to, this Article VIII.

ARTICLE IX

MODIFICATION OR AMENDMENTS

Section 9.01 Modifications and Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the prior written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Base Rental Payments and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority or 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 this Indenture;

(3) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Sections 3.06 and 3.07 hereof;

(4) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(5) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(6) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder.

(c) Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(d) No Supplemental Indenture shall modify any of the rights or obligations of the Trustee without the Trustee's prior written consent.

Section 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Indenture. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Base Rental Payments and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City hereunder shall cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the compensation and indemnity of the Trustee shall remain in effect and shall be binding upon the Trustee, the City and the Authority.

Section 10.02 Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee (or an escrow agent or other fiduciary) for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01 hereof. Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 hereof if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02 hereof, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 4.02 hereof, (b) there shall have been deposited with the Trustee (or an escrow agent or other fiduciary) either (i) money in an amount which shall be sufficient, or

(ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited or on deposit with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee (or an escrow agent or other fiduciary) and that such Bonds, are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Section 10.03 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Authority (without liability for interest) free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the Authority or the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 11.02 Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee, or any officer thereof, 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 Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state

or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the City or the Trustee in good faith and in accordance therewith.

Section 11.04 Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained herein shall relieve any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or hereby.

Section 11.05 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.06 Funds and Accounts. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

The Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to this Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.07 Article and Section Headings Gender and References. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. 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. All references herein to “Articles,” “Sections,” subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, subsection or clause thereof.

Section 11.08 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Authority, the

City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee hereby declare that they would have executed this Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the City shall specify in a Written Certificate of the City and Authority those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such Certificate.

Section 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.03 hereof but without any liability for interest thereon.

Section 11.11 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.12 California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 11.13 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 parties 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: Executive Director
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth St., 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Ref: City of Garden Grove

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.14 Notice to Rating Agencies. The Trustee shall provide S&P, if the Bonds are then rated by S&P, and Moody's, if the Bonds are then rated by Moody's, with prompt notice of any substitution or release of property pursuant to Sections 10.03 and 10.04 of the Lease Agreement.

Section 11.15 Execution in Counterparts. This Indenture 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Indenture to be signed in their respective names by their representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Chair

ATTEST:

Secretary

CITY OF GARDEN GROVE

By: _____
Mayor

ATTEST:

City Clerk

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2024A BOND

No. _____

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BOND,
SERIES 2024A**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	April 1, 20__	_____, 2024	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

The Garden Grove Public Financing Authority (the “Authority”), for value received, hereby promises to pay, solely from the Base Rental Payments (as hereinafter defined) or amounts in certain funds and accounts held under the Indenture (as hereinafter defined), to the Registered Owner identified above or registered assigns (the “Registered Owner”); on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on April 1 and October 1 in each year, commencing [October 1, 2024] (the “Interest Payment Dates”), until payment of such Principal Amount in full. This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [September 15, 2024], in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, interest on this Bond shall be payable from the date to which interest hereon has been paid in full, payable on each Interest Payment Date). The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the Office of the Trustee (as hereinafter defined). Interest hereon is payable by wire or check of U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the

Registered Owner shown on the Registration Books at the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date. “Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City of Garden Grove (the “City”) by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of financing the Project (as defined in the Indenture), and is one of the series of bonds designated “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A” (the “Series 2024A Bonds”) in the aggregate principal amount of \$ _____. The Series 2024A Bonds are issued pursuant to the Indenture, dated as of June 1, 2024 (the “Indenture”), by and among the Authority, the City and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds (“Additional Bonds”), may be issued by the Authority secured by a lien on a parity with the lien on Base Rental Payments and amounts in certain funds and accounts held under the Indenture securing the Series 2024A Bonds. The Series 2024A Bonds and any Additional Bonds are collectively referred to as the “Bonds.” The Indenture is entered into, and this Bond is issued under, the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”) and the laws of the State of California.

Pursuant to the Indenture, the principal of and interest on the Bonds are payable solely from certain base rental payments (the “Base Rental Payments”) under and pursuant to that certain Lease Agreement, dated as of June 1, 2024 (the “Lease Agreement”), by and between the City, as lessee, and the Authority, as lessor, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Authority to the Trustee. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund established under the Indenture are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Series 2024A Bonds are authorized to be issued in the form of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”).

The Series 2024A Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Series 2024A Bonds maturing on or after April 1, 20__, shall be subject to optional redemption, in whole or in part, on any date on or after April 1, 20__, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Series 2024A Bonds maturing on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, 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>Sinking Fund Redemption Date</i> <i>(April 1)</i>	<i>Principal Amount</i> <i>To Be Redeemed</i>
	\$

(maturity)

The Series 2024A Bonds maturing on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, 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>Sinking Fund Redemption Date</i> <i>(April 1)</i>	<i>Principal Amount</i> <i>To Be Redeemed</i>
	\$

(maturity)

In the event of a partial redemption pursuant to the Indenture, the City shall provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Series 2024A Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Series 2024A Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2024A Bonds of such maturity or maturities in whole) of the Series 2024A Bonds to be redeemed, and shall require that such Series 2024A Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2024A Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Series 2024A Bonds so called for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Series 2024A Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2024A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Series 2024A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount and maturity of fully registered Series 2024A Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Series 2024A Bond or Series 2024A Bonds, in Authorized Denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Authority, the City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority, the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the City, the owners of the Bonds and the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the fixed maturity of any Bonds, or reduce the principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the owner of each Bond so affected, or, (b) reduce the percentage of Bonds the consent of the owners of which is required to effect any such amendment or modification, or (c) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the owners of the Bonds of the lien created by the Indenture on such the Base Rental Payments and such other assets (except as expressly provided in the Indenture), without the consent of the owners of all Bonds then outstanding.

The Indenture contains provisions permitting the Authority to make provision for the payment of interest on, and the principal and premium, if any, of any of the Bond so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

All obligations of the Authority under the Indenture and under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed in its name and on its behalf by the facsimile signatures of its Chair and Secretary, all as of the Dated Date identified above.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Chair

Attest:

Secretary

[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2024A Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2024

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth LLP, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Secretary of the Board of the Garden Grove Public
Financing Authority

[FORM OF ASSIGNMENT]

For value, received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within pond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF PROJECT FUND REQUISITION

**REQUISITION NO. ____ FOR
DISBURSEMENT FROM THE PROJECT FUND**

The undersigned hereby states and certifies:

(i) that he/she is the duly appointed, qualified and acting _____ of the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of 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 3.05 of the Indenture, dated as of June 1, 2024 (the “Indenture”), by and among the Garden Grove Public Financing Authority (the “Authority”), the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), related to the Authority’s Lease Revenue Bonds, Series 2024A, the undersigned hereby requests the Trustee to disburse this date the following amounts from the Project Fund established under the Indenture, 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 Project Fund; and

(iv) 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.

All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Dated: _____

CITY OF GARDEN GROVE

By: _____

Its: _____

EXHIBIT A
PROJECT FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of June __, 2024 (the “Disclosure Certificate”) is executed and delivered by the City of Garden Grove (the “City”) in connection with the issuance by the Garden Grove Public Financing Authority (the “Authority”) of its Lease Revenue Bonds, Series 2024A (the “Bonds”) pursuant to an Indenture dated as of June 1, 2024, by and among the City, the Authority, and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”).

Capitalized terms not defined herein shall have the meaning set forth in the Indenture. The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as the foregoing capitalized terms are hereinafter defined).

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

“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.

“Dissemination Agent” shall mean [Applied Best Practices LLC] or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement for the Bonds dated ____, 2024, as amended or supplemented.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, not later than March 31 after the end of the City's fiscal year (which currently ends on June 30), commencing with the report due for the fiscal year ending June 30, 2024, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The City's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The City will promptly notify the MSRB of a change in the fiscal year dates.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is not the City). If by fifteen (15) Business Days prior to the date specified in (a) for the Annual Report, the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the report. If the Dissemination Agent is other than the City, the City 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 City and shall have no duty or obligation to review such Annual Report.

(c) If the City fails to provide an Annual Report by the date required in subsection (a), the City shall or shall cause the Dissemination Agent to, in a timely manner, send a notice of such failure to file to the MSRB, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the most recent fiscal year of the City then ended. If the City prepares audited financial statements and if the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements, if prepared by the City, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the City shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Financial and Operating Data. Numerical and tabular information for the immediately preceding fiscal year in the following charts and tables:

1. Information of the type contained in Table 5 of the Official Statement;
2. Information of the type contained in Table 6 of the Official Statement;

3. Information of the type contained in Table 7 of the Official Statement;
4. Information of the type contained in Table 8 of the Official Statement; and
5. Information of the type contained in Table 9 of the Official Statement, except that it is not necessary to identify the Land Use.

Any or all of the items listed above may be included in, or by specific reference to, other documents, including the City's Annual Comprehensive Financial Reports, or official statements of debt issues of the City 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 City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

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

2. Modifications to rights of Bond holders;

3. Bond calls;

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

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

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

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

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) 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 Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity date of the Bonds, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Applied Best Practices LLC.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or an event of default under the Lease Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. A Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save such 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 attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF GARDEN GROVE

By: _____
City Manager

ACKNOWLEDGED:

APPLIED BEST PRACTICES LLC,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Garden Grove Public Financing Authority

Name of Issue: Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the City of Garden Grove (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of June __, 2024, executed by the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

APPLIED BEST PRACTICES LLC, as Dissemination
Agent

By: _____
Name: _____
Title: _____

GARDEN GROVE PUBLIC FINANCING AUTHORITY
Lease Revenue Bonds, Series 2024A

BOND PURCHASE AGREEMENT

[Pricing Date]

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

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

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (which, together with the exhibits hereto, is referred to as the “Purchase Agreement”) with the Garden Grove Public Financing Authority (the “Authority”) and the City of Garden Grove, California (the “City”), which, upon the acceptance of the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer is made subject to acceptance by the Authority and by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California 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 the acceptance hereof by the Authority and the City. Capitalized terms that are used herein and not otherwise defined have the meanings that are set forth in the Indenture, dated as of June 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds will be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on October 1, 2024 and each April 1 and October 1 thereafter, and will mature, bear interest and be subject to redemption prior to maturity as set forth in Exhibit A. The purchase price of the Bonds shall be equal to \$_____ (being the aggregate principal amount thereof [plus][less] a [net] original issue [premium][discount] of \$_____, less an underwriter’s discount of \$_____).

Section 2. The Bonds. The Bonds shall be secured by a pledge of revenues consisting primarily of base rental payments (“Base Rental Payments”) to be paid by the City to the Authority pursuant to the Lease Agreement, dated as of June 1, 2024 (the “Lease”), by and between the City and the Authority, under which the Authority will sublease certain real property to the City in consideration for the City’s payment of the Base Rental Payments. The Authority’s right to receive the Base Rental Payments due under the Lease and to exercise remedies upon default under such Lease shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to an Assignment Agreement, dated as of June 1, 2024 (the “Assignment Agreement”), by and between the Authority and the Trustee.

The Bonds shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the City and the Underwriter.

The proceeds of the Bonds shall be used to: (i) finance a portion of the costs of constructing a new public safety facility, parking garage, park improvements, demolition of the existing police headquarters, and certain other related capital improvements, and (ii) pay the costs incurred in connection with the issuance of the Bonds. The Bonds, this Purchase Agreement, the Indenture, the Lease, the Ground Lease, dated as of June 1, 2024 (the “Ground Lease”), by and between the Authority and the City, the Assignment Agreement and the resolution of the Authority authorizing the issuance of the Bonds (the “Authority Resolution”) are collectively referred to herein as the “Authority Documents.”

This Purchase Agreement, the Continuing Disclosure Certificate of the City, dated the date of issuance of the Bonds (the “Continuing Disclosure Certificate”), relating to the Bonds, the Lease, the Ground Lease and the resolution of the City relating to the Bonds (the “City Resolution”) are collectively referred to herein as the “City Documents.”

Section 3. Public Offering and Establishment of Issue Price.

(a) The Underwriter agrees to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth in Exhibit A and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change 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 City and the Authority 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 City and the Authority, on one hand, and the Underwriter, on the other; (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 a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or Authority on other matters); (iv) the Underwriter has financial and other interests that differ from those of the City and the Authority; and (v) the City and Authority have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate.

(b) 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 (as defined below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form set forth in Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as such term is defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority’s municipal advisor, Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”) and any notice or report to be provided to the Authority may be provided to the Authority’s Municipal Advisor.

(c) Except as otherwise set forth in Exhibit A, the Authority will treat the first price at which 10% of each maturity of the Bonds (the “10% test”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this 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 Date (as defined below) has occurred, until either: (i) the Underwriter has sold all of the 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 Closing Date may be at reasonable periodic intervals or otherwise upon the 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. For clarity, and notwithstanding any other condition to Closing set forth in this Purchase Agreement, the sale of 10% of each maturity of the Bonds to the public prior to the Closing Date shall not be a condition to Closing.

(d) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this 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:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) 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.

(e) The Underwriter confirms that:

(1) 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 Date 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 Closing Date 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; and

(2) 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 Date 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 Closing Date 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.

(f) 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.

(g) 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 Purchase Agreement by all parties.

Section 4. The Official Statement. By their acceptance of this proposal, the Authority and the City ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Bonds dated [POS Date] (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”) that an authorized officers of the City and the Authority deemed “final” as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for certain information that is permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information that was previously permitted to have been omitted by Rule 15c2-12), including the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City and the Underwriter (the “Official Statement”) in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees: (i) to provide the Authority and the City with final pricing information on the Bonds on a timely basis; and (ii) to file a copy of the Official Statement, including any supplements prepared by the Authority or the City in accordance with MSRB rules with the MSRB at

<http://emma.msrb.org>. The Authority and the City hereby approve of the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the offer and sale of the Bonds. The Authority and the City will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

Section 5. Closing. At 8:30 a.m., California time, on [Closing Date], or at such other time or date as the Authority and the Underwriter agree upon (the “Closing Date”), the Authority shall deliver or cause to be delivered to the Trustee, the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”), so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC’s FAST procedures. Concurrently with the delivery of the Bonds, the Authority and the City will deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California (“Bond Counsel”), or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the “Closing.”

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is a public body that is duly organized and existing under the Constitution and laws of the State of California (the “State”), including Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Act”) and the Joint Exercise of Powers Agreement, dated as of June 22, 1993 (as amended, the “JPA Agreement”), by and between the City and the Garden Grove Agency for Community Development. By an Amendment No. 1 to the JPA Agreement dated as of March 28, 2006, the Garden Grove Sanitary District became a member of the Authority and by an Amendment No. 2 to the JPA Agreement dated November 1, 2020, the Successor Agency to the Garden Grove Agency for Community Development, as successor to the Garden Grove Agency for Community Development, was removed as a member of the Authority.

(b) The Authority has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action at a regular meeting of the Authority’s Board of Directors that was duly noticed and held, the Authority has adopted the Authority Resolution, has duly authorized and approved the issuance of the Bonds and the execution of the Authority Documents, has duly authorized and approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the

Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Authority has complied, and will at the Closing be in compliance in all material respects, with the terms of the Authority Documents.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date that is twenty-five (25) days following the end of the underwriting period (as such term is defined below), the Authority discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Base Rental Payments with respect to the Lease or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 6(g).

(i) The information in the Official Statement set forth under the caption "THE AUTHORITY" does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) The Authority will refrain from taking any action, or permitting any action to be taken, with regard to which the Authority may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

(k) The Authority will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Base Rental Payments while the Bonds are Outstanding, and the Authority will collect the Base Rental Payments in accordance with the Lease.

(l) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter and the Authority that:

(a) The City is a political subdivision of the State that is duly organized and existing under and by virtue of the general laws of the State.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has adopted the City Resolution, has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against municipal corporations in the State. The City has complied, and will at the Closing be in compliance in all material respects, with the terms of the City Documents.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have a materially adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Documents, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with the City Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not and will not contain and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except that this representation does not include statements in the Official Statement under the captions “THE AUTHORITY” and “UNDERWRITING” and information regarding DTC and its book-entry only system, as to which no view is expressed).

(g) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the City having been accomplished, or threatened in writing to the City: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Base Rental Payments with respect to the Lease or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the City Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation, or contesting the powers of the Authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the City; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the City’s knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date which is twenty-five (25) days after the end of the underwriting period, if any event shall occur of which the City is aware that would cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book entry only system, as to which no view is expressed), the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter’s reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term “end of the underwriting period” means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) 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. Unless the Underwriter gives notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered by the Underwriter to the City at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the end of the underwriting period.

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events specified in such rule.

(l) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

(m) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2023 attached as Appendix C to the Official Statement fairly represent the receipts, expenditures and cash balances of the City. 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 or in its operations since June 30, 2023 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(n) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A form of the Continuing Disclosure Certificate is set forth in Appendix E to the Preliminary Official Statement and will also be set forth in the Official Statement.

(o) Except in connection with the redemption or defeasance of bonds pursuant to the terms of the Indenture or as permitted under the Lease due to damage, destruction, eminent domain, or substantial interference with the use and occupancy by the City of the property that is subject to the Lease or any portion thereof, the City will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Base Rental Payments while the Bonds are Outstanding, and the City will pay the Base Rental Payments in accordance with the Lease.

(p) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the City, as well as authorized representatives of Bond Counsel and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their obligations to be performed under the Authority Documents and the City Documents, respectively, at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the City and the Authority contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the City Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the City Documents or the Authority Documents, and the City and the Authority shall not be in default in the payment of principal or interest with respect to any of their respective financial obligations, which default would materially adversely impact the ability of the City to pay the Base Rental Payments or the Authority to pay the Bonds.

(d) In recognition of the desire of the Authority, the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if between the date hereof and the time of Closing, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

(i) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(A) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Bonds;

(B) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(C) 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 U.S. Securities and Exchange Commission (“SEC”) or any other governmental authority having jurisdiction; or

(D) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(E) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or the Authority shall have occurred; or

(F) any rating of the Bonds or the rating of any obligations of the City secured by the City’s general fund shall have been downgraded, withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(ii) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Authority or the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(iii) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(iv) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(v) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(vi) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of

the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939; or

(vii) the commencement of any action, suit or proceeding described in Section 6(g) or Section 7(h).

Subject to Section 18, upon the occurrence of a Termination Event and the termination of this Purchase Agreement by the Underwriter, all obligations of the Authority, the City and the Underwriter under this Purchase Agreement shall terminate, without further liability.

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The executed Authority Resolution;

(ii) The executed City Resolution;

(iii) The City Documents and the Authority Documents, each duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) Specimen Bonds;

(v) Evidence that the Assignment Agreement, the Lease and the Ground Lease, or memoranda thereof, have been recorded in the Office of the County Recorder of the County of Orange;

(vi) Evidence that the insurance required to be in effect on the Closing Date under the Lease is in fact in effect as of such date;

(vii) The approving opinion of Bond Counsel dated the Closing Date and addressed to the City, in substantially the form attached as Appendix D to the Official Statement, and a reliance letter or letters thereon addressed to the Underwriter and the Trustee;

(viii) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter in substantially the form attached hereto as Exhibit D:

(ix) The Official Statement, executed on behalf of the City and the Authority, and the Preliminary Official Statement;

(x) Evidence that the rating on the Bonds is as described in the Official Statement;

(xi) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority, satisfactory in form and substance to the Underwriter, to the effect that: (i) the Authority Resolution was duly adopted at a regular meeting of the Authority held on April 9, 2024, at which a quorum was present and acting throughout, is in full force and effect as of the date hereof and has not been amended, modified or supplemented, except as agreed to by the Underwriter; (ii) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are

true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (iii) no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iv) the information and statements contained in the Official Statement under the caption “THE AUTHORITY” did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (v) the Authority is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority’s ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(xii) A certificate, dated the Closing Date, signed by a duly authorized officer of the City, satisfactory in form and substance to the Underwriter, to the effect that: (i) the City Resolution was duly adopted at a regular meeting of the City Council of the City held on April 9, 2024, at which a quorum was present and acting throughout, is in full force and effect as of the date hereof and has not been amended, modified or supplemented, except as agreed to by the Underwriter; (ii) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the City, and the City has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the Closing Date; (iii) no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iv) the information and statements contained in the Official Statement (other than information in the Official Statement under the captions “THE AUTHORITY” and “UNDERWRITING” and information regarding DTC and its book-entry only system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (v) the City is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City’s ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(xiii) An opinion dated the Closing Date and addressed to the Underwriter, of counsel to the Authority, to the effect that:

(A) the Authority is duly organized and validly existing as a joint exercise of powers agency under the laws of the State of California and is possessed of full power to own and hold real and personal property and to lease and sell the same;

(B) the Authority Resolution was duly adopted at a regular meeting of the governing body of the Authority which was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout;

(C) the Authority has full right and lawful authority to execute and deliver the Authority Documents and such documents have been duly authorized, executed and delivered by and on behalf of the Authority. Assuming the due authorization, execution and delivery by the other parties thereto, the Authority Documents are valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(D) to the best of our knowledge, there is no action, suit, proceeding, inquiry, or investigation before or by any court or public board or body pending or threatened wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Bonds, the Authority Documents or any other agreement, document, or certificate related to such transaction;

(E) insofar as it will have a material adverse effect on the ability of the Authority to enter into, carry out or perform its obligations under the foregoing agreements or to consummate the transactions contemplated thereby, to the best of our knowledge, the Authority is not in material breach of or default under any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and, to the best of our knowledge no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument; and

(F) no authorization, approval, consent, or order of any governmental agency or, to the best of our knowledge, any other person or corporation is required for the valid authorization, execution and delivery of the Authority Documents on behalf of the Authority that has not been obtained.

(xiv) An opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney, to the effect that:

(A) The City is a political subdivision of the State of California that is duly organized and existing under and by virtue of the general laws of the State of California;

(B) The City Resolution was duly adopted at a regular meeting of the City at which a quorum was present and acting throughout, is in full force and effect and has not been modified, amended, rescinded or repealed since its date of adoption;

(C) The City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute the valid and binding obligations of the City, except as enforcement

may be limited by bankruptcy, insolvency, moratorium, or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(D) No consent, authorization or approval of, or filing or registration with, any governmental or regulatory officer or body which has not already been obtained is required to be obtained by the City for the execution and performance of the City Documents or the actions on the part of the City contemplated thereby, including causing the issuance of the Bonds;

(E) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the City having been accomplished, or, to the best knowledge of such counsel, threatened in writing against the City, challenging the creation, organization or existence of the City, or the validity of the City Documents or seeking to restrain or enjoin the payment of the Base Rental Payments or the repayment of the Bonds or in any way contesting or affecting the validity of the City Documents or contesting the authority of the City to enter into or perform its obligations under any of the City Documents, or which, in any manner, questions the right of the City to pay the Base Rental Payments under the Lease; and

(F) The execution and delivery of the City Documents and compliance with the provisions thereof do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents;

(xv) A letter of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as disclosure counsel to the City and the Authority, dated the Closing Date and addressed to the Underwriter in substantially the form attached hereto as Exhibit C;

(xvi) An opinion of Anzel Galvan LLP, San Francisco, California, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(xvii) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, to the effect that:

(A) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture to which it is a party and to enter into the Indenture;

(B) The Indenture and the Assignment Agreement have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(C) The execution, delivery and performance of the Indenture and the Assignment Agreement will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(D) All authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under Indenture and the Assignment Agreement have been obtained; and

(E) An authorized representative of the Trustee has duly authenticated the Bonds;

(xviii) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, in form and substance satisfactory to the Underwriter, and an incumbency certificate of the Trustee;

(xix) For each of the Bonds and the Lease, the preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xx) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xxi) Certificates regarding tax, arbitrage and use of proceeds of the City and the Authority relating to the Bonds in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xxii) A certificate, dated the date of the Preliminary Official Statement, of the City and the Authority, as required under Rule 15c2-12;

(xxiii) Evidence that a debt management policy which complies with Section 8855 of the Government Code has been adopted by the City and the Authority;

(xxiv) Certified copies of the JPA Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State (or, alternatively, a certificate of the Authority confirming that notice of the JPA Agreement and all amendments thereto have been filed with the Secretary of State prior to the Closing Date), together with documentation from the Secretary of State with respect to the Authority's good standing;

(xxv) a copy of an ALTA or CLTA title insurance policy in an amount equal to the original aggregate principal amount of the Bonds, insuring the City's leasehold interest in the Property, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter; and

(xxvi) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in Official Statement. Within 90 days after the Closing or within 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the reasonable opinion of the Underwriter, to amend or

supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that 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 purchaser, not misleading. The City and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the “end of the underwriting period” will be the Closing Date.

Section 10. Expenses. Whether or not the Bonds are sold to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the City and the Authority hereunder. If the Bonds are delivered by the Authority to the Underwriter, the Authority and the City shall pay, from the proceeds of the Bonds or from other funds of the Authority or the City, the following expenses: (a) the cost of preparing, duplicating or printing, mailing and delivering the City Documents, the Authority Documents, the Preliminary Official Statement, the Official Statement and all other agreements and documents that are contemplated hereby (and drafts of any thereof); (b) the cost of preparation and printing of the definitive Bonds; (c) the fees and expenses of the Authority, the City, the Trustee, Bond Counsel, Disclosure Counsel, the Municipal Advisor, any entity retained by the Authority or the City to perform continuing disclosure compliance research or provide continuing disclosure compliance reports and any other experts or consultants retained by the Authority or the City; (d) the charges of any rating agency with respect to the Bonds; (e) reimbursement to the Underwriter for payment of any fees and expenses reasonably incurred in connection with the initial offering, sale and delivery of the Bonds, including but not limited to industry fees (e.g., DTC, DAC, IPREO, CUSIP and Day Loan fees) only if the City, the Authority and Underwriter have previously discussed and approved the allocation of proceeds towards these fees, and meal and travel expenses of the personnel of the City or the Authority, but not including entertainment expenses or those to be paid by the Underwriter pursuant to the last paragraph of this Section 10, and (f) all other fees and expenses, not including entertainment expenses, reasonably incurred in connection with the preparation of the City Documents, the Authority Documents, the Preliminary Official Statement, the Official Statement and all other agreements and documents that are contemplated hereby (and drafts of any thereof) and/or the initial offering, sale and delivery of the Bonds. The City and the Authority have authorized, and do hereby authorize, the Underwriter to pay such expenses on behalf of the City and the Authority from proceeds of the Bonds at Closing as further described in the closing memorandum relating to the Bonds.

If the Bonds are sold to the Underwriter by the Authority, the Authority and the City shall pay out of the proceeds of the Bonds the discount of the Underwriter or the purchase price paid for the Bonds shall reflect such discount.

Except as otherwise provided in this Section 10, the Underwriter shall pay the cost, if any, of qualifying the Bonds for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, not described above.

Section 11. Qualification of Bonds. The Authority and the City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the

Underwriter may designate and to provide for the continuance of such qualification; provided, however, that neither the City nor the Authority will be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

Section 12. Notices. 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, 2121 Avenue of the Stars, Suite 2150, Los Angeles, California 90067, Attention: Sara Brown. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given to the City or the Authority under this Purchase Agreement may be given by delivering the same in writing to the applicable address set forth on the first page of this Purchase Agreement.

Section 13. Parties in Interest. This Purchase Agreement is made solely for the benefit of the City, the Authority and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 14. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 15. Entire Agreement. This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

Section 16. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 17. Survival of Representations and Warranties. The representations and warranties of the City and the Authority in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and the Authority and regardless of delivery of and payment for the Bonds.

Section 18. Effectiveness. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and the Authority and shall be valid and enforceable as of the time of such acceptance.

[Signature Page Follows]

Section 19. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Title: Authorized Officer

Accepted as of the date first stated above:

CITY OF GARDEN GROVE

By: _____
Its: _____
Printed Name: _____

Time of Execution: _____ a.m./p.m. Pacific Time

GARDEN GROVE PUBLIC FINANCING AUTHORITY

By: _____
Its: _____
Printed Name: _____

Time of Execution: _____ a.m./p.m. Pacific Time

EXHIBIT A

GARDEN GROVE PUBLIC FINANCING AUTHORITY Lease Revenue Bonds, Series 2024A

MATURITY SCHEDULE

<i>Maturity Date (April 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Initial Offering Price</i>	<i>10% Test Used</i>	<i>Hold-the- Offering- Price Rule Used</i>
20__	\$	%	%			

^C Priced to first optional redemption date of _____ 1, 20__ at par.

^T Term Bond.

REDEMPTION PROVISIONS

Extraordinary Redemption from Net Proceeds. The Bonds are subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption. The Bonds maturing on or after April 1, 20__, are subject to optional redemption, in whole or in part, on any date on or after April 1, 20__, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (April 1)</i>	<i>Principal Amount</i>
---	------------------------------------

** Final Maturity.

The Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (April 1)</i>	<i>Principal Amount</i>
---	------------------------------------

** Final Maturity.

The Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (April 1)</i>	<i>Principal Amount</i>
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** Final Maturity.

EXHIBIT B

GARDEN GROVE PUBLIC FINANCING AUTHORITY Lease Revenue Bonds, Series 2024A

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and delivery of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) 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.

(b) As set forth in the Bond Purchase Agreement, dated [Pricing Date], by and among Stifel, as the Underwriter (as defined below), the City of Garden Grove and the Issuer (as defined below), 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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter 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.

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 (which Sale Date is [Pricing Date]), 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) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Pricing Date].

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer and the City of Garden Grove (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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).

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 and the City of Garden Grove with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, 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 or the City of Garden Grove from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By:_____

Name:_____

By:_____

Name:_____

Dated: [Closing Date]

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

EXHIBIT C

FORM OF DISCLOSURE COUNSEL LETTER

June __, 2024

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: \$_____ *Garden Grove Public Financing Authority Lease Revenue Bonds,
Series 2024A*

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Garden Grove Public Financing Authority (the “Authority”) and the City of Garden Grove (the “City”) in connection with the issuance by the Authority of the above-referenced bonds (the “Bonds”). The Bonds are being delivered pursuant to an Indenture dated as of June 1, 2024, (the “Indenture”), by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Purchase Agreement dated May __, 2024 (the “Purchase Agreement”), among Stifel, Nicolaus & Company, Incorporated, (the “Underwriter”), the Authority and the City. This letter is being delivered to you pursuant to Section 8(e)(xv) of the Purchase Agreement.

In rendering the advice contained herein, we have examined originals or copies certified or otherwise identified to our satisfaction of: (i) the Preliminary Official Statement dated April __, 2024 (the “Preliminary Official Statement”) relating to the Bonds; (ii) the Official Statement, dated May __, 2024 (the “Official Statement”), relating to the Bonds; and (iii) the agreements, letters, certificates, and opinions delivered to you pursuant to Section 8 of the Purchase Agreement. We do not assume any responsibility for any electronic version of the Preliminary Official Statement or the Official Statement and assume that any such version is identical in all respects to the version printed at closing for the transcript.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate.

We express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

We are not passing upon and have not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement and the Official Statement and are, therefore, unable to make any representation to you in that regard. Based on our participation in conferences prior to the date of the Official Statement with representatives of

the Authority and the City, Fieldman, Rolapp & Associates, Inc., as municipal advisor to the City, Edgemoor Infrastructure & Real Estate, developer of the Project (defined in the Official Statement), Project Finance Advisory LTD, the City's public private partnerships advisor with respect to the Project, the City Attorney, the Underwriter and Underwriter's counsel, and others, during which the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, our reliance on the oral and written statements of the Authority, the City and others, our review of and reliance upon the documents, certificates, instructions and records and the opinions of counsel described above and our understanding of applicable law, and subject to the limitations on our role as Disclosure Counsel, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in the firm representing the Authority and the City as Disclosure Counsel on this matter which caused us to believe that: (a) the Preliminary Official Statement as of its date or as of May __, 2024 (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to DTC and its book-entry only system; information under the captions "TAX MATTERS" and "UNDERWRITING"; and the Appendices to the Preliminary Official Statement as to which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, ratings, debt service requirements, Underwriters' discount and CUSIP numbers; or (b) the Official Statement as of its date and as of the date hereof (excluding therefrom financial, demographic, statistical or economic or demographic data; forecasts, numbers, charts, tables, graphs, projections, estimates, assumptions and expressions of opinions; information relating to DTC and its book-entry only system or CUSIP numbers; information under the captions "TAX MATTERS" and "UNDERWRITING"; and the Appendices to the Official Statement, as to which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. However, in providing advice and assistance as Disclosure Counsel, we provided no independent diligence on the MSRB's Electronic Municipal Market Access website, and we express no view regarding the City's or the City's related entities' compliance with any obligation to file annual reports or provide notice of events, each as described in Rule 15c2-12. Finally, we advise you that, other than reviewing the various certificates and opinions required by Section 8 of the Purchase Agreement, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Preliminary Official Statement or the Official Statement as of the date hereof. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by, or incorporated by reference in, the Official Statement.

By acceptance of this letter you acknowledge that the preceding paragraph is neither a legal opinion nor a guarantee regarding the Preliminary Official Statement or the Official Statement; rather it is a statement of negative assurance regarding factual information that did not come to the attention of the attorneys in our firm working on this matter during the limited activities that we performed as Disclosure Counsel. Our services did not include financial or other non-legal advice.

By acceptance of the letter, the Underwriter recognizes and acknowledges that: (i) the advice herein is based on certain limited activities performed by specific attorneys in our firm in our role as Disclosure Counsel; (ii) the scope of the activities performed by such attorneys in our role as Disclosure Counsel and for purposes of delivering such advice was inherently limited and does not

purport to encompass all activities necessary for compliance by the Underwriters with applicable state and federal securities laws; and (iii) the activities performed by such attorneys in our role as Disclosure Counsel rely in part by representations, warranties, certifications and opinions of other parties to the transaction, including representations, warranties and certifications made by the Authority, the City, the Underwriter and others.

This letter is furnished by us as Disclosure Counsel to the Authority and the City. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. This letter is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose without our prior written consent. This letter is not intended to and may not be relied upon by owners of Bonds or any beneficial interest therein.

Our engagement with respect to the Bonds terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed herein or in the Official Statement.

Respectfully submitted,

EXHIBIT D

FORM OF SUPPLEMENTAL OPINION

June __, 2024

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: \$_____ *Garden Grove Public Financing Authority Lease Revenue Bonds,
Series 2024A*

Ladies and Gentlemen:

We have examined certified copies of proceedings taken for the sale and issuance of the above-referenced bonds (the “Bonds”), and we have rendered our opinion to the Garden Grove Public Financing Authority (the “Authority”) this day regarding the validity and enforceability of the Bonds (the “Approving Opinion”). The Bonds are being issued pursuant to an Indenture dated as of June 1, 2024 (the “Indenture”), by and among the Authority, the City of Garden Grove (the “City”) and U.S. Bank Trust Company, National Association, as Trustee. You may rely upon our Approving Opinion as if it were addressed to you. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Bond Purchase Agreement dated May __, 2024 (the “Purchase Agreement”), among the Authority, the City and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”).

We have assumed, but not independently verified, that the signatures on all documents, letters, certificates and instructions which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds, the Indenture, the Ground Lease, the Lease Agreement or the Purchase Agreement (collectively, the “Legal Documents”), nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Ground Lease, the Lease Agreement or the Indenture, or the accuracy or sufficiency of the description of any such property contained therein.

Based upon the foregoing and such other information and documents as we consider necessary to render this opinion, we are of the opinion that:

1. The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City and is a valid and binding agreement of the Authority and the City.

2. The statements on the cover of the Official Statement and in the Official Statement under the captions “INTRODUCTION,” “THE SERIES 2024A BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS,” and “TAX MATTERS,” and in “APPENDIX B – SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS” and “APPENDIX D

– PROPOSED FORM OF BOND COUNSEL OPINION,” excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the Ground Lease, the Lease Agreement, the Assignment Agreement, the Indenture and Bond Counsel’s final opinion concerning certain federal tax and state tax matters relating to the Bonds, are accurate in all material respects as of the date of Closing.

4. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. This opinion is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We call attention to the fact that the rights and obligations under the Legal Documents are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer 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 of California.

We express no opinion herein regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

We call attention to the fact that the foregoing opinions 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 such actions or events are taken (or not taken) or occur (or do not occur).

This opinion is furnished by us to you and is solely for your benefit, and may not be used, circulated, quoted or otherwise referred to or relied upon by others without our prior written consent. This letter is not intended to be, and may not be, relied upon by the owners of the Bonds or any beneficial ownership interest therein. You have acknowledged that no attorney-client relationship exists between us and you with respect to any matters related to the Bonds.

Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this opinion or other matters discussed in the Official Statement.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2024

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: “_____”
(See “RATING” herein)

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 Series 2024A 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 Series 2024A Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Series 2024A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

\$140,000,000*

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A**

Dated: Date of Delivery

Due: April 1, as shown on inside cover

The Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A (the “Series 2024A Bonds”) are payable from base rental payments (the “Base Rental Payments”) to be made by the City of Garden Grove (the “City”) for the right to use certain real property (the “Property”) pursuant to a Lease Agreement, dated as of June 1, 2024 (the “Lease Agreement”), by and between the City, as lessee, and the Garden Grove Public Financing Authority (the “Authority”), as lessor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS.”

The Series 2024A Bonds are being issued to provide funds to (i) finance a portion of the costs of constructing a new public safety facility, parking structure, park improvements, demolition of the existing police headquarters building, and certain other related capital improvements, and (ii) pay the costs incurred in connection with the issuance of the Series 2024A Bonds. See “THE PROJECT.” The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its biennial budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatements.”

The Series 2024A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Interest on the Series 2024A Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2024. Purchasers will not receive certificates representing their interest in the Series 2024A Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2024A Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the Beneficial Owners of the Series 2024A Bonds. See “THE SERIES 2024A BONDS—Book-Entry Only System” herein.

The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of June 1, 2024 (the “Indenture”) by and among the City, the Authority and the Trustee. The Series 2024A Bonds and any additional bonds issued pursuant to the Indenture (“Additional Bonds”) are collectively referred to as the “Bonds.”

The Series 2024A Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity. See “THE SERIES 2024A BONDS—Redemption.”

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2024A Bonds.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

The Authority has applied for a municipal bond insurance policy with respect to the Series 2024A Bonds. If a municipal bond insurance policy is obtained, the municipal bond insurance policy would guarantee the scheduled payment of principal of and interest on all or a portion of the Series 2024A Bonds. No assurance can be given as to whether the Authority will purchase a municipal bond insurance policy for the Series 2024A Bonds.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2024A Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also acting as Disclosure Counsel to the City and the Authority. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Garden Grove, and for the Underwriter by Anzel Galvan LLP, San Francisco, California. It is anticipated that the Series 2024A Bonds in definitive form will be available for delivery to DTC in New York, New York on or about June __, 2024.

STIFEL

Dated: May __, 2024

* Preliminary, subject to change.

MATURITY SCHEDULE

\$140,000,000*

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Lease Revenue Bonds, Series 2024A

Base CUSIP[†]: 365273

<i>Maturity Date</i> <i>(April 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
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\$ _____	_____ %	Term Bonds due April 1, 20__	Yield: _____ %	Price: _____	CUSIP [†] _____
\$ _____	_____ %	Term Bonds due April 1, 2054	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 FactSet Research Systems Inc. Copyright© 2024 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 Underwriter, the Authority or the City, or their agents or counsel, assume responsibility for the accuracy of such numbers.

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 Series 2024A 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 Series 2024A 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 Series 2024A 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 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 described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2024A 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 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 in the information under the captions “THE CITY OF GARDEN GROVE,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS.”

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 SERIES 2024A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024A 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 SERIES 2024A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2024A 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 Series 2024A Bonds.

**CITY OF GARDEN GROVE
ORANGE COUNTY, CALIFORNIA**

**GARDEN GROVE PUBLIC FINANCING AUTHORITY GOVERNING BOARD AND CITY
COUNCIL OF THE CITY OF GARDEN GROVE**

Steve Jones, *Chair/Mayor*
Cindy Ngoc Tran, *Vice Chair/Mayor Pro Tem*
George S. Brietigam III, *Board Member/Council Member*
John R. O'Neill, *Board Member/Council Member*
Joe DoVinh, *Board Member/Council Member*
Stephanie Klopfenstein, *Board Member/Council Member*
Kim B. Nguyen-Penaloza, *Board Member/Council Member*

CITY / AUTHORITY OFFICIALS

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Patricia Song, *Finance Director/Treasurer*
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U.S. Bank Trust Company, National Association
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TABLE OF CONTENTS

Page

INTRODUCTION	1
THE SERIES 2024A BONDS	3
General	3
Registration, Transfers and Exchanges.....	4
Redemption	4
Book-Entry Only System	6
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS	7
Pledge of Revenues	7
Base Rental Payments	8
Additional Rental Payments	8
Abatement	9
Substitution or Release of the Property	9
Action on Default	11
No Reserve Fund	11
Additional Bonds.....	11
Insurance	12
SOURCES AND USES OF FUNDS	13
BASE RENTAL PAYMENT SCHEDULE	13
THE PROJECT	13
The Project and the Project Site	13
Construction of the Project	14
Plan of Finance	15
THE PROPERTY	15
General	15
The Release Property.....	16
The Project Site	17
THE AUTHORITY	18
THE CITY OF GARDEN GROVE.....	18
General	18
City Council	18
City Management	19
Employee and Employee Relations	19
Risk Management	20
CITY FINANCIAL INFORMATION.....	21
Accounting and Financial Reporting	21
City Component Units and Discrete Component Units	22
Financial Policies	23
Budget Procedure, Current Budget and Historical Budget Information	26
Comparative Change in Fund Balance of the City General Fund	31
Comparative General Fund Balance Sheets of the City	32
Tax Revenues By Source.....	34
Property Taxes.....	34
Sales Taxes	37
Hotel Visitor's Tax	38
Business Operation Tax.....	39
Franchise Taxes	39
Charges for Services.....	39
Licenses and Permits	39
Fines and Forfeitures	39
Other Revenue Sources	40
Indebtedness	40

Retirement System	40
Other Post-Employment Benefits	47
RISK FACTORS	50
General Considerations – Security for the Series 2024A Bonds	50
Abatements	50
No Reserve Fund	51
Effect of Economy on Revenues	51
Natural Disasters	51
Hazardous Substances	53
Other Financial Matters	53
Substitution, Addition and Removal of Property; Additional Bonds	53
Limited Recourse on Default; No Acceleration of Base Rental	54
Limitations on Remedies Available; Bankruptcy	54
Possible Insufficiency of Insurance Proceeds.....	55
Loss of Tax Exemption	56
No Liability of Authority to the Owners	56
Dependence on State for Certain Revenues.....	56
Cybersecurity.....	57
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS	57
Article XIII A of the State Constitution	57
Legislation Implementing Article XIII A	57
Article XIII B of the State Constitution.....	58
Articles XIII C and XIII D of the State Constitution.....	58
Proposition 62	59
Proposition 1A.....	60
Proposition 22	60
Proposition 26	61
Possible Future Initiatives	61
TAX MATTERS	62
CERTAIN LEGAL MATTERS	64
ABSENCE OF LITIGATION	64
UNDERWRITING	64
RATING	64
MUNICIPAL ADVISOR	65
CONTINUING DISCLOSURE.....	65
FINANCIAL STATEMENTS OF THE CITY	65
MISCELLANEOUS	65
APPENDIX A	ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GARDEN GROVE
	A-1
APPENDIX B	SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS
	B-1
APPENDIX C	AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2023
	C-1
APPENDIX D	PROPOSED FORM OF BOND COUNSEL OPINION
	D-1
APPENDIX E	FORM OF CONTINUING DISCLOSURE CERTIFICATE.....
	E-1
APPENDIX F	BOOK-ENTRY ONLY SYSTEM
	F-1

CITY OF GARDEN GROVE REGIONAL LOCATION MAP



OFFICIAL STATEMENT

\$140,000,000*

GARDEN GROVE PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2024A

INTRODUCTION

This Official Statement (which includes the cover page and the appendices hereto) (the “Official Statement”) provides certain information concerning the sale and delivery of \$140,000,000* aggregate principal amount of Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A (the “Series 2024A Bonds”).

The net proceeds of the sale of the Series 2024A Bonds will be used to (i) finance a portion of the costs of constructing a new public safety facility, parking structure, park improvements, demolition of the existing police headquarters building, and certain other related capital improvements (collectively, the “Project”), and (ii) pay the costs incurred in connection with the issuance of the Series 2024A Bonds. See “THE PROJECT” herein for a further description of the Project.

The Series 2024A Bonds are equally and ratably payable from base rental payments (the “Base Rental Payments”) to be made by the City of Garden Grove (the “City”) for the right to use certain real property (collectively, the “Property” and described further under the caption “THE PROPERTY”) pursuant to a Lease Agreement, dated as of June 1, 2024 (the “Lease Agreement”), between the City, as lessee, and the Garden Grove Public Financing Authority (the “Authority”), as lessor.

The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of June 1, 2024 (the “Indenture”), by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the Indenture, the Authority may issue additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2024A Bonds (the Series 2024A Bonds and any such Additional Bonds being collectively referred to as the “Bonds”). See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Additional Bonds.”

Pursuant to a Ground Lease, dated as of June 1, 2024 (the “Ground Lease”), by and between the City and the Authority, the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of June 1, 2024, pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The Property leased under the Ground Lease and the Lease Agreement will initially consist of the Project Site and the Release Property (as such terms are defined under the captions “THE PROJECT” and “THE PROPERTY”). The Project Site generally consists of the site of construction of the new public safety facility and parking structure described under the caption “THE PROJECT.” The Release Property consists of numerous other City-owned properties, including City Hall, Community Meeting Center, Senior Center, Municipal Services Center/Public Works Yard, City Administrative Office Building, and Garden Grove Park (including the Garden Grove Sports and Recreation Center (Gymnasium) and Atlantis Play Center), as well as the property on which Phase 2 of the Project is located (specifically, the existing police headquarters building, which will be

* Preliminary, subject to change.

demolished and replaced with the reconfigured Civic Center Park). See the captions “THE PROPERTY” and “THE PROJECT—The Project and the Project Site.” The Release Property is included in the Property during the period of construction of Phase 1 of the Project (the PSF and Parking Structure, defined below) to provide sufficient fair rental value to support the City’s payment of Rental Payments under the Lease Agreement. Upon completion of Phase 1 of the Project, which generally consists of the construction of the public safety facility and parking structure, the Lease Agreement provides that the City may release the Release Property from the Property such that the Project Site (including the completed public safety facility and parking structure) constitutes the entire Property upon completion of the Project and the satisfaction of certain requirements under the Lease Agreement. The City also has the right to substitute or release all or a portion of the Property subject to certain conditions precedent. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution, Addition and Removal of Property.”

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

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s right to use and occupy the Property or any portion thereof. See “RISK FACTORS—Abatements.” Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Series 2024A Bonds. To the extent that proceeds of insurance are available or moneys are available in certain funds and accounts pledged as security for the Series 2024A Bonds, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE SERIES 2024A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2024A BONDS. THE AUTHORITY HAS NO TAXING POWER.

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

The Authority is not funding a debt service reserve fund for the Series 2024A Bonds.

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“Rule 15c2-12”) certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12. See “CONTINUING DISCLOSURE” herein for a description of the Authority’s and the City’s compliance with its prior continuing disclosure undertakings pursuant to Rule 15c2-12 and APPENDIX—E “FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the specific nature of the annual report and notices of listed events and the terms of the disclosure undertaking pursuant to which such reports are to be made.

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee with respect to the Series 2024A Bonds. The Series 2024A Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Garden Grove and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California. The City's financial statements for the fiscal year ended June 30, 2023 included as Appendix C hereto have been audited by Davis Farr LLP, Irvine, California (the "Auditor"). See APPENDIX C—"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023" herein. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2024A Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for a budget discussion for the 2023-25 biennial period and the City's periodic five-year forecast, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. See the captions "THE CITY OF GARDEN GROVE" and "CITY FINANCIAL INFORMATION" for financial and operating information related to the City.

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series 2024A Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein. See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

THE SERIES 2024A BONDS

General

The Series 2024A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2024A Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series 2024A Bonds will be paid semiannually on April 1 and October 1 (each, an "Interest Payment Date") of each year, commencing October 1, 2024.

Interest on the Series 2024A Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof (a "Record Date") unless (i) a Series 2024A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (ii) a Series 2024A Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2024A Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2024A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee

mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2024A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

The principal and premium, if any, of the Series 2024A Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2024A Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The Series 2024A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2024A Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2024A Bonds. See “THE SERIES 2024A BONDS—Book-Entry Only System.”

Redemption*

Extraordinary Redemption from Net Proceeds. The Series 2024A Bonds are subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of Series 2024A Bonds. The Series 2024A Bonds maturing on or after April 1, 20__, are subject to optional redemption, in whole or in part, on any date on or after April 1, 20__, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2024A Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (April 1)</i>	<i>Principal Amount</i>
---	------------------------------------

**

** Final Maturity.

The Series 2024A Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a

* Preliminary, subject to change.

Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(April 1)</i>	<i>Principal</i> <i>Amount</i>
--	-----------------------------------

**

** Final Maturity.

The Series 2024A Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each April 1 on and after April 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(April 1)</i>	<i>Principal</i> <i>Amount</i>
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**

** Final Maturity.

In the event of a partial optional redemption or extraordinary mandatory redemption of any of the Term Bonds, the City will provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. So long as the Bonds are held in book-entry form, notices of redemption will be mailed by the Trustee only to DTC and not to any Beneficial Owners. The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to

the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption is 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 the Bonds to be redeemed and upon other conditions set forth therein and that, if such money has not been so received or such other conditions have not been satisfied, said notice is of no force and effect and the Trustee is not required to redeem such Bonds. If any condition stated in the redemption notice for an optional redemption have not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the Authority will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Partial Redemption of Bonds. Upon surrender of any Bonds 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 the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

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

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

Book-Entry Only System

General. DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2024A Bond will be issued for each maturity of the Series 2024A Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2024A Bonds apply only during any period in which the Series 2024A Bonds are not subject to DTC's book-entry system. While the Series 2024A Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

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

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS

Pledge of Revenues

The Series 2024A Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in certain funds and accounts established under the Indenture. Base Rental Payments will be paid by the City from any and all legally available funds. See the captions “THE CITY OF GARDEN GROVE,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS” for a description of such available funds and the potential risks associated with the availability of such funds to make Base Rental Payments. The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its biennial budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Series 2024A Bond Owners all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “—Base Rental Payments” below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2024A Bonds, subject to certain conditions precedent. See the captions “THE PROJECT” and “—Additional Bonds.”

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

THE SERIES 2024A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS

PLEDGED TO THE PAYMENT OF THE SERIES 2024A BONDS. THE AUTHORITY HAS NO TAXING POWER.

Base Rental Payments

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

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each Principal Payment Date, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of the interest on and principal of the Series 2024A Bonds.

Scheduled Base Rental Payments relating to the Series 2024A Bonds are set forth below under the caption “BASE RENTAL PAYMENT SCHEDULE.”

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

Additional Rental Payments

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

- (i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein.
- (ii) All reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees.
- (iii) Insurance premiums for all insurance required pursuant to the Lease Agreement.
- (iv) Any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Internal Revenue Code of 1986.
- (v) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

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

Abatement

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

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds or amounts in certain funds and accounts pledged to the Series 2024A Bonds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

The Lease Agreement provides that if the Bonds have not been fully paid or defeased by the final maturity thereof, or if the Rental Payments remain due and payable or have been abated at any time and for any reason, then the term of the Lease Agreement will be extended until the date upon which (i) all Bonds are fully paid or defeased, or (ii) the Indenture is discharged by its terms and all Rental Payments are paid in full, up to an additional ten years beyond the final maturity of the Bonds.

Substitution or Release of the Property

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

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release is subject to the following specific conditions precedent:

(a) the City finds (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release: (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds.

(b) the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement;

(c) the City provides the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee execute, and the City causes to be recorded with the Orange County Clerk-Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease;

(e) the City shall have provided notice of such substitution to each rating agency then rating the Bonds;

(f) no event of default has occurred and is continuing under the Lease Agreement;

(g) the City gives, or causes to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate;

(h) the City certifies to the Trustee that the City has a current need for the substituted real property; and

(i) the City certifies to the Trustee that any substitution will not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of Property; Substitution or Release."

Release of Release Property After Completion of Project. Without regard to the requirements of the Lease Agreement described above under the caption "*—General,*" the City may provide for release and deletion of the Release Property (as defined under the caption THE PROPERTY—The Release Property") from the Property such that the Project Site constitutes the entire Property, provided that the City satisfies conditions (i) through (iii) described below:

(i) The City files with the Authority and the Trustee a copy of a Lease Supplement which deletes the Release Property from the Lease Agreement (and, at the election of the City, from the Ground Lease);

(ii) The City delivers certificate to the Trustee pursuant to the Lease Agreement stating that Phase 1 of the Project has been substantially completed substantially in conformity with the plans and specifications for the Project and is available for occupancy; and

(iii) no event of default has occurred and is continuing under the Lease Agreement.

Upon the satisfaction of all such conditions under the Lease Agreement, the Lease Agreement will end as to the Released Portion and continue as to the Project Site, and the Release Property will be released from the Lease Agreement and no longer form part of the Property thereunder without further act or deed of the City, the

Authority, or the Trustee, provided the Authority and the Trustee execute any such instruments evidencing such release as may be reasonably requested by the City from time to time. The City will not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of such deletion.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of Property; Substitution or Release.”

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See “RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental.”

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Series 2024A Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Series 2024A Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies” and “—THE INDENTURE—Default and Limitations of Liability.”

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2024A Bonds.

Additional Bonds

Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on parity with the Series 2024A Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

(a) The issuance of such Additional Bonds has been authorized under and pursuant to the Indenture and provided for by a Supplemental Indenture;

(b) The Authority and the City are in compliance with all agreements, conditions, covenants and terms contained in the Indenture, the Lease Agreement and the Ground Lease required to be observed or performed by each of them;

(c) The Ground Lease has been amended, to the extent necessary, and the Lease Agreement has been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment is permitted to be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Issuance of Bonds; Application of Proceeds.”

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. All insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed \$500,000.

The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period.

The City is also required to maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees, and worker’s compensation insurance as described in APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance.”

The City’s obligation to maintain the insurance described above (including rental interruption insurance) may be satisfied by self-insurance, provided such self-insurance complies with the requirements of the Lease Agreement.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds (and the initial aggregate principal amount of Additional Bonds issued after the Closing Date), insuring the fee interest of the City in the Property, the Authority’s leasehold estate in the Property under the Ground Lease, and the City’s subleasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance.”

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2024A Bonds are shown below.

Sources

Principal Amount of Series 2024A Bonds
Original Issue Premium/(Discount)
Total Sources

Uses

Project Fund
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Includes legal, municipal advisory, rating agency, printing fees, underwriter’s discount, premiums for the bond insurance policy, if applicable, and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

Following is the annual schedule of Base Rental Payments due with respect to the Series 2024A Bonds, assuming no redemption prior to maturity:

<i>Bond Year</i> <i>(Ending April 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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THE PROJECT

The Project and the Project Site

The Project consists of the design and construction of certain public capital improvements to be located on City-owned property located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility (the “PSF”), a four-level parking structure that will provide

approximately 350 parking spaces (the “Parking Structure”), and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway.

The new PSF will replace the existing police headquarters building and include additional capacity to support anticipated expansion to 2039 projected staffing levels. It will consolidate the following functions: Police Administration and Administrative Services, Records, Evidence and Property, Communications, Investigations, Community Policing, SWAT, memorials for fallen officers, shared training amenities, and a larger temporary holding area. The new facility will be an “Essential Services” building providing 911 dispatch and other important public safety services, along with an Emergency Operations Center and modern server room. The facility has been designed to achieve a LEED Silver sustainability designation.

The Parking Structure is intended to accommodate secured police fleet vehicle parking, staff personal vehicles, and some public parking. It is anticipated that the Parking Structure will accommodate approximately 350 vehicles, with the ultimate distribution of secure and non-secure parking to be determined during the design process.

Community feedback on the re-envisioned Civic Center Park is still in progress. Current design objectives focus on a green space that is safe and welcoming. The City intends for the new park facilities to provide flexibility for activation that is suitable for a wide range of uses and community amenities. The Civic Center Park will be designed to connect the existing and new park areas and will provide walking paths, shade trees, a memorial grove, and public art.

The project will proceed in two phases. Phase 1 includes design and construction of the new PSF and Parking Structure. The current schedule anticipates Phase 1 will be completed in the first quarter of 2026. The PSF is expected to be occupied by May 2026. When the new PSF is occupied, Phase 2 will start with the demolition of the existing police headquarters building then construction of the new re-envisioned Civic Center Park.

As discussed under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS— Substitution or Release of the Property— Release of Release Property After Completion of Project,” upon completion of Phase 1, the City will be entitled to release the Release Property, including the existing police headquarters building, which will be demolished and replaced with the reconfigured Civic Center Park as Phase 2 of the Project, from the Property leased under the Ground Lease and the Lease Agreement. The City-owned fire station located adjacent to the existing police headquarters is operated by the Orange County Fire Authority and will remain in place.

Construction of the Project

The City has entered into a Project Agreement dated as of April 1, 2024 (the “Project Agreement”), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company (“Edgemoor”), pursuant to which Edgemoor has agreed to develop the Project at the Project Site. Edgemoor’s parent company is Edgemoor Infrastructure & Real Estate, which provides design, finance, build, and maintenance services to public and private entities throughout the country. Completed projects in California include UC San Francisco’s Sandler Neuroscience Center and the City of Long Beach City Hall and Library.”

Pursuant to the Project Agreement, Edgemoor is required to enter into a Design/Build Agreement with Clark Construction Group, LLC (the “Design Builder”) pursuant to which the Design Builder will complete the design of, and construct, the Project. The Project designers are AC Martin and Roth Sheppard.

Clark Construction Group is the largest privately-held construction firm in the United States, with active projects in 105 cities and approximately \$1.8 billion in annual revenue from government, military and public safety projects.

In the Lease Agreement, the City agrees that substantial completion and occupancy of Phase 1 of the Project will occur on or prior to May 2026 and substantial completion of Phase 2 of the Project will occur on or prior to May 2027, subject to excused delays pursuant to standard City procedures (each, a “Completion Date”). The Project Agreement provides that, if Edgemoor fails to achieve substantial completion of the PSF and Parking Structure or the Civic Center Park by the respective Completion Date, after taking into account the effect any permitted extension, Edgemoor will pay to the City \$10,000 per day for the PSF and Parking Structure with a maximum amount of \$3,000,000 and, following substantial completion of the PSF and Parking Structure, \$1,000 per day for the Civic Center Park with a maximum amount of \$300,000 (such sums each, a “Delay Credit”), commencing in each case on the applicable date for substantial completion as set out in the Master Project Schedule and continuing on a daily basis until substantial completion of such Project component. The City agrees in the Lease Agreement that if and to the extent each Phase of the Project is not completed on or before each Completion Date, the City will seek and enforce Edgemoor’s obligation under the Project Agreement to pay Delay Credits (as defined in the Project Agreement) to the City.

The Project Agreement provides that Edgemoor, or the Design Builder (defined in the Project Agreement) on behalf of Edgemoor, will provide a performance bond and payment bond, each of which is sized to 100% of the Guaranteed Maximum Price under the design build agreement entered into between Edgemoor and the Design-Builder relating to the Project. Upon substantial completion of the PSF and Parking Structure and satisfaction of the waiver and release in requirements in the Project Agreement, Edgemoor may cause the amount of the performance bond and payment bond to be reduced to the value of the design and construction work for Civic Center Park.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF THE PROJECT.”

A variety of factors outside the control of the City could cause completion of the Project to be delayed. Until Phase 1 of the Project is completed, the City will not be permitted to release the Release Property under the summary process described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution or Release of the Property—*Release of Release Property After Completion of Project*” (although the City will be entitled to release or substitute the Property at any time, subject to the conditions described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution or Release of the Property—*General*”). The City cannot provide any assurance other than as described above that the Project will be completed on time or on budget.

Plan of Finance

Pursuant to the Project Agreement, Edgemoor has agreed to design, construct, and deliver the Project to the City for a guaranteed maximum price (“GMP”) of \$152 million, consisting of a GMP of \$140 million for the PSF and Parking Structure and \$12 million for demolition of the existing police headquarters building and construction of Civic Center Park. The City expects to use the net proceeds of the Series 2024A Bonds to pay the anticipated cost of the Project. Cost overruns, if any, for which the City is responsible under the Project Agreement will be paid by the City from available cash.

THE PROPERTY

General

The Property leased under the Ground Lease and the Lease Agreement will initially consist of the Project Site and the Release Property, each as described further below. The City has the right to substitute or release all or a portion of the Property subject to certain conditions precedent. Furthermore, the City expects to release the Release Property from the Ground Lease and the Lease Agreement promptly upon completion of Phase 1 of the Project. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution, or Release of the Property” and “THE PROJECT.”

The Release Property

The Release Property consists of the properties listed in the following table and described in more detail below.

<i>Facility</i>	<i>Location and Use</i>	<i>Approx. Building Square Footage</i>	<i>Approx. Land Square Footage</i>	<i>Estimated Building Value⁽¹⁾</i>	<i>Estimated Land Value⁽²⁾</i>
City Hall	11222 Acacia Parkway	42,849	26,582	\$14,881,718	\$ 2,100,000
Existing Police Headquarters	11301 Acacia Parkway	39,300	367,646 ⁽³⁾	10,183,709	25,236,215 ⁽⁴⁾
Community Meeting Center	11300 Stanford Avenue	20,945	-(⁵)	5,658,644	-(⁵)
Senior Center	11300 Stanford Avenue	10,406	-(⁵)	2,903,606	-(⁵)
Municipal Services Center/Public Works Yard	13802 Newhope Street	58,600	411,283	6,844,086	28,700,000
City Administrative Office Building	11277 Garden Grove Blvd.	31,310 ⁽⁶⁾	80,148	6,079,240 ⁽⁷⁾	6,400,000
Garden Grove Park, including Sports and Recreation Center (Gymnasium) and Atlantis Play Center	9301 Westminster Blvd; 13641 Deodara; 13630 Atlantis Way	<u>15,925</u>	<u>1,568,160</u>	<u>5,747,929</u>	<u>94,089,600</u>
Total		198,374	2,453,819	\$46,551,003	\$ 156,525,815

- (1) Building value is the value listed on the City's current Statement of Values for purposes of the City's property insurance policy.
- (2) Land values are estimated by the City. For properties with a commercial or residential zoning designation, the City estimated the land value based on recent appraisals or land transactions for properties in the City with similar zoning designations. For properties with an open space zoning designation, the City estimated the land value as if the property had the same zoning designation as property adjacent to the subject parcel.
- (3) Includes the land on which the Community Meeting Center and Senior Center are located.
- (4) Includes the value of the land on which the Community Meeting Center and Senior Center are located.
- (5) Land square footage and land value included in figures provided for Existing Police Headquarters.
- (6) Total square footage includes approximately 7,500 square feet of office space leased to OC Mental Health Assn. and Clark Construction Group. See footnote 7.
- (7) Estimated building value has been reduced by 24%, to exclude value associated with an existing lease by the City to the OC Mental Health Assn. with respect to approximately 5,500 square feet of office space and a lease to be entered into with Clark Construction Group during construction of the Project, for approximately 2,000 square feet of office space, as described below.
- Source: The City.

The City's City Hall is a three story building, located at 11222 Acacia Parkway, was constructed in 1978 and houses the City Manager's office and the City's Community Development, Community Services, Economic Development, Finance, Human Resources, and Information Technology Departments.

The City's Existing Police Headquarters is located at 11301 Acacia Parkway, across Acacia Parkway from the City Hall building. The Existing Police Headquarters was constructed in 1971 and will be demolished as part of Phase 2 of the Project, after the new PSF is constructed and the Police operations have been moved to the new facility.

The City's Community Meeting Center and Senior Center are located on Stanford Avenue, north of the Existing Police Headquarters. These buildings were built in 1977 and are used by the City to provide various community activities and programming.

The Municipal Services Center/Public Works Yard, located at 13802 Newhope Street, consists of a large 411,283 square foot parcel of property improved with 11 buildings. The facilities at the Municipal Services Center/Public Works Yard site include offices used by the City's Public Works, Water, Sewer, and Sanitation Departments, a 16,000 square foot warehouse, and a service station for City-owned vehicles. The buildings were constructed in 1962. The Municipal Services Center/Public Works Yard is located in an area designated by FEMA as Flood Zone A, which indicates a 1% annual chance of flooding and a 26% chance of flooding over a 30-year period. The City carries flood insurance as part of its property insurance coverage, but is not required to maintain flood insurance coverage under the Lease Agreement. Monitoring wells are located on the Municipal Services Center/Public Works Yard site to monitor a plume of groundwater contamination not associated with operations of the Municipal Services Center/Public Works Yard.

The City Administrative Office Building, located at 11277 Garden Grove Blvd., is a two story building built in 1980 which houses the Garden Grove Housing Authority, the City's computer lab, overflow Police operations, and Garden Grove Channel 3 operations (a cable channel that now also produces videos for the City's YouTube channel, including videos of City Council meetings and other City events). The City purchased the City Administrative Office Building in 2022, subject to a third party lease (the "OC Mental Health Assn. Lease"). The OC Mental Health Assn. Lease relates to approximately 5,500 square feet of the total 31,310 square foot building and currently expires in 2026. The City may choose to extend the OC Mental Health Assn. Lease. The City also expects to lease approximately 2,000 square feet of office space to Clark Construction Group during the construction period for the Project (the "Clark Construction Group Lease"). The OC Mental Health Assn. Lease and the Clark Construction Group Lease are "Permitted Encumbrances" under the Lease Agreement and therefore the office space subject to these leases is not included in the Property leased by the Authority to the City under the Lease Agreement. The building value for the City Administrative Office Building set forth in the table above has been reduced pro-rata based on the square footage of the premises subject to the OC Mental Health Assn. Lease and the Clark Construction Group Lease.

Garden Grove Park is an approximately 36 acre city park located at 9301 Westminster Boulevard. The Garden Grove Sports and Recreation Center and Atlantis Play Center are also located at Garden Grove Park. The Sports and Recreation Center, located at 13641 Deodara, is an approximately 15,925 square foot gymnasium built in 2005. The Atlantis Play Center is a children's park, playground, and water park/splash pad located at 13630 Atlantis Way. The City acquired Garden Grove Park from the United States of America in 1959 pursuant to a quitclaim deed which reserves to the federal government the right, during the existence of any national emergency declared by the President or Congress, to the full, unrestricted possession, control and use of the premises (or a portion thereof); provided that the federal government must pay "fair rental" for the portion of the premises so used. The quitclaim deed does not provide a method for calculating the fair rental to be paid by the federal government in the event this property is used by the federal government as permitted by the quitclaim deed. In the event the federal government were to exercise this right, which it has not done in the past, the City's obligation to pay Base Rental Payments would be abated in part, as provided under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Abatement." In such case, the Lease Agreement requires rental payments received by the City from the federal government to be applied in the same manner as insurance and condemnation proceeds.

The Project Site

The Project Site consists of approximately 4.12 acres and is currently improved with a parking lot and a grassy park and pond. The Project Site is the future location of Phase 1 of the Project, consisting of the PSF and an approximately 350-space, four-level Parking Structure. Upon substantial completion and occupancy of Phase 1 of the Project, the City is permitted by the Lease Agreement to delete and release the Release Property from the Lease Agreement; at that time, the Project Site, including the PSF and Parking Structure, will constitute the entire Property under the Lease Agreement.

For more information regarding the Project Site, see the caption "THE PROJECT." Furthermore, the Lease Agreement provides that the Authority may provide for release and deletion of the Release Property from

the Property such that the Project Site constitutes the entire Property upon completion of the Project and the satisfaction of certain requirements under the Lease Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution, Addition and Removal of Property.”

THE AUTHORITY

The Authority was established pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and a Joint Exercise of Powers Agreement dated as of June 22, 1993 (as amended, the “JPA Agreement”), between the City and the Garden Grove Agency for Community Development. By an Amendment No. 1 to the JPA Agreement dated as of March 28, 2006, the Garden Grove Sanitary District became a member of the Authority and by an Amendment No. 2 to the JPA Agreement dated November 1, 2020, the Successor Agency to the Garden Grove Agency for Community Development, as successor to the Garden Grove Agency for Community Development, was removed as a member of the Authority. The City Council of the City is appointed as the Governing Board of the Authority and the Authority is administered by the City’s staff. Under the Joint Exercise of Powers Agreement and Article 4 of the Act, the Authority is authorized to assist in the financing of public capital improvements. The Authority has acted as a conduit issuer for the City for a variety of financings.

THE CITY OF GARDEN GROVE

General

The City is located in central Orange County, California, approximately twenty-five miles southeast of downtown Los Angeles, and encompasses an area of approximately 17.8 square miles. As of January 1, 2023, the City had an estimated population of 171,183 and was the fifth largest city in the County and the 30th largest City in the State. The community of Garden Grove was founded in 1874 and the City was incorporated as a general law city on June 18, 1956. At the present time, the City is essentially built out. For additional economic and demographic information regarding the City, see APPENDIX A — “ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GARDEN GROVE.”

City Council

The City is a general law city that operates under the council-manager form of government. Six members of the City Council are elected by voters within their respective districts to a four-year term, and are limited to two consecutive terms. Elections for these six districts are staggered so that only three seats are elected during a single election cycle. However, during every election cycle, the Mayor is elected by the voters of the City at-large for a two-year term, with a limit of four consecutive two-year terms. The regularly scheduled public meetings of the City Council are currently on the second and fourth Tuesday of the month.

The City Council is responsible for, among other things, establishing local law and policies through the enactment of ordinances and resolutions, adopting the City budget, appointing members to advisory municipal commissions and activities. Members of the City Council also serve from time to time on regional committees and boards whose policies may affect the City. The City Council appoints the City Manager, who heads the executive branch of the government, implements City Council directives and policies, and manages the administrative and operational functions through the various departmental heads. The City Council also appoints the City Attorney.

The members of the City Council and the current expiration dates of their respective terms are set forth in the table below.

CITY OF GARDEN GROVE
City Council

<i>Name</i>	<i>District</i>	<i>Term Expires</i>
Steve Jones, Mayor	At-Large	November 2024
Cindy Ngoc Tran, Mayor Pro Term	3	November 2026
George S. Brietigam III, Council Member	1	November 2026
John R. O'Neill, Council Member	2	November 2024
Joe DoVinh, Council Member	4	November 2026
Stephanie Klopfenstein, Council Member	5	November 2024
Kim B. Nguyen-Penaloza, Council Member	6	November 2024

Source: City of Garden Grove.

City Management

A summary of certain City executive staff are described below.

City Manager. The City Manager has the responsibility for hiring the City's department directors and for administering the City's programs in accordance with the policies adopted by the City Council. The mission of the City Manager's Office is to assist the City Council in establishing community goals and policies and provide leadership and direction in the administration of all City Departments and services.

The City Manager's office includes legislative support, policy implementation, budget development, strategic planning, liaison, and ombudsman services to community constituencies and legal service functions of the City. Additionally, the City Manager's office manages the City Council meeting agenda, elections, and public records. The office also monitors and responds to federal and state legislative issues, and represents the City's interests throughout the region and beyond. The City Clerk function is structured within the City Manager's office.

The City's current City Manager is Lisa L. Kim. Ms. Kim began serving as the City Manager of the City in March 2023, and joined the City in April 2016 as the Community and Economic Development Director. Since 2019 and until her appointment as City Manager, Ms. Kim carried out dual roles as Assistant City Manager while overseeing the Office of Economic Development, Planning Services, and the Building and Safety Division. Ms. Kim holds a Master's Degree in Public Administration from the University of Massachusetts Global, a member of the Chapman University System; and a Bachelor of Science in Urban and Regional Planning from California State Polytechnic University, Pomona.

Finance Director. The Finance Director of the City assumes the full management responsibilities for all Finance Department services and activities, including finance, budgeting, treasury, accounting, purchasing, payroll, revenues, risk management, and customer service.

The City's current Finance Director is Patricia Song. Ms. Song began serving as the Finance Director of the City in April 2019. Prior to joining the City, Ms. Song served as the Manager of Fiscal Services for the City of Irvine, California. Ms. Song holds Master of Business Administration degrees in both accounting and in management information systems from California State University, San Bernardino and is also a certified public accountant.

Employee and Employee Relations

For fiscal year 2023-24, the City has approximately 569 full-time authorized positions, of which approximately 520 are filled. The City also employs approximately 143 part-time employees. In accordance with the provisions of California Government Code Section 3500, the City participates in labor negotiations with

its employee associations. The result of the negotiations processes is memorialized in memoranda of understanding (each an “MOU”) reached between the City and the City employee associations. The table below lists the City’s four employee associations and the approximate membership as of February 2, 2024, as well as the unrepresented executive employees:

<i>Unit/Affiliation</i>	<i>Contract Expiration Date</i>	<i>Number of Members⁽²⁾</i>
Orange County Employee’s Association, Garden Grove Chapter	June 30, 2025	169
Orange County Employee’s Association, Garden Grove Employee’s League	June 30, 2025	86
Garden Grove Police Association	June 30, 2025	166
Garden Grove Police Management Association	June 30, 2025	10
Unrepresented Management ⁽¹⁾	N/A	<u>89</u>
Total		520

⁽¹⁾ Represents the City’s central and middle management employees, which are not represented by any bargaining unit.

⁽²⁾ Represents filled positions.

Source: City of Garden Grove.

Risk Management

For more information with respect to the insurance requirements under the Lease Agreement, see the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Insurance” in this Official Statement.

The City utilizes a program to self-insure for workers’ compensation liability for the first \$1,000,000, per occurrence, for injury or occupational illness to City employees pursuant to State law. The City contracts with a third party who administers the program and acts as the representative of the City in claims hearings and litigation. Excess coverage is placed with a joint powers authority for losses from \$1,000,000 up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers’ Compensation internal service fund in the City’s audited financial statements. There is an estimated liability of \$37,481,873 for workers’ claims outstanding including claims incurred but not reported on June 30, 2023, which has been included as liabilities in the Workers’ Compensation internal service fund in the City’s audited financial statements for the fiscal year ended June 30, 2023.

The City also has a self-insured program for its tort and civil liabilities. The City is self-insured for the first \$2,000,000 per occurrence. Excess liability insurance is carried thereafter to \$33,000,000 per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third-party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the City Attorney. The City’s self-insurance program is accounted for in the Risk Management internal service fund in the City’s audited financial statements.

The City estimates a general liability for claims outstanding, including claims incurred but not reported, on June 30, 2023, in the amount of \$6,860,038 which has been included as liabilities in the Risk Management internal service fund in the City’s audited financial statements for the fiscal year ended June 30, 2023.

The City is a defendant in various lawsuits. Attempts are made to settle these cases or proceed to trial as recommended by the City’s attorneys. The City believes that it has meritorious defenses to the allegations contained in the cases. However, the City has accrued and reserved reasonable amounts based on the actuarial analysis and attorney recommendations to cover the potential losses to the extent the exposures are deemed probable and estimable.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2023. For additional information about the City insurance policies, see Note 11 to the City's audited financial statements for fiscal year 2022-23 attached hereto as Appendix C.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("GAAP") and the standards established by the Governmental Accounting Standards Board ("GASB").

The City's government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions that are restricted to meeting the operational requirement of a particular function or segment; and (3) capital grants and contributions that are restricted to meeting the capital requirement of a particular function or segment and other miscellaneous revenues that directly benefit a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, revenues from other agencies and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the

current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The City also reports four other major funds, a Navigation Center special revenue fund, a Water Utility enterprise fund, a Sewage Collection enterprise fund and a Housing Authority enterprise fund. The City also reports nonmajor governmental and proprietary funds consisting of the various special revenue, capital project, and enterprise funds, as well as internal service funds (which account for workers' compensation, fleet management, employee benefits, information systems, warehouse operations, telephone system, risk management, communication replacement, and building and structure rehabilitation services provided to City departments on a cost reimbursement basis) and a private-purpose trust fund which accounts for the fiduciary responsibilities of the Successor Agency to the Garden Grove Agency for Community Development. For more information regarding the other governmental and proprietary funds of the City, see Note A.3 to the City's audited financial statements for fiscal year 2022-23 attached to this Official Statement as Appendix C.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) fines, forfeitures and penalties; (3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function; and (4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes, investment income, and gain on sale of assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Because the General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds, the City expects to pay Base Rental Payments from amounts in the General Fund. Tables 3 and 4 below set forth certain historical and current fiscal year budget information for the General Fund. Tables 5 and 6 show the audited five-year trend of the General Fund's revenues and expenditures and balance sheet. Information on the other governmental funds of the City as of June 30, 2023 is set forth in Appendix C.

City Component Units and Discrete Component Units

General. GAAP requires that the City's financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (e.g. the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential

component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

The following entities are considered component units and are included in the City's reporting entity for purposes of the City's financial statements because of the significance of their operational or financial relationships with the City.

Garden Grove Housing Authority. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as an enterprise fund as if it were part of the primary government because the governing board is comprised of the City Council, although acting in a different capacity, and two Housing Authority tenants. The Housing Authority governing board approves the Housing Authority budget and the City provides staffing.

Garden Grove Sanitary District. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Garden Grove Sanitary District provides the City, a portion of the City of Santa Ana and unincorporated County areas with sewer maintenance services including cleaning of sewage collection line and inspection of sewage lines built within the Sanitary District by developers. The City has an agreement with Republic Services to provide an exclusive franchise for Solid Waste Handling Services for residents and commercial establishments within the Sanitary District. The Sanitary District became a subsidiary district and component unit of the City on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. City Council members approve the Sanitary District budget and the City provides staffing.

Garden Grove Public Financing Authority. The Authority's financial data and transactions are included within enterprise funds for purposes of the City's financial statements. The Authority is administered by the Board who are the members of the City Council and the Mayor. Council members approve the Authority budget and the City provides staffing. For more information regarding the Authority, see the caption "THE AUTHORITY."

Financial Policies

General. The City Council has adopted a comprehensive set of financial management policies to provide for: (i) budget policies and guidelines; (ii) revenue guidelines; (iii) debt management policy; (iv) General Fund reserve policy; (v) pension funding policy; (vi) investment policy; (vii) purchasing policies; (viii) infrastructure funding policy; (ix) capital asset renewal and replacement reserves policy; (x) enterprise fund business principles; and (xi) financial practices and guidelines. A summary of certain of these City Council policies is set forth below.

General Fund Reserve Policy. The City Council has adopted a General Fund Reserve Policy, which provides for three categories of reserves of the City's committed fund balance to be set aside to address unforeseen emergencies or disasters, significant changes in the economic environment, and key initiatives including economic development, infrastructure and capital projects: a Catastrophic Reserve, a Stability Reserve and a Designated Revenues Reserve. The Catastrophic Reserve, if and when funded, is to be used to mitigate costs associated with public emergencies, such as natural disasters or other unforeseen catastrophic events, and are not to be used to meet operational shortfalls or to fund new programs or personnel. The Stability Reserve is maintained to mitigate financial risks associated with unexpected revenue shortfalls due to changes in the economic environment. The Stability Reserve may be used if authorized by a two-thirds vote of the City Council. Finally, the City Council may designate to the Designated Revenues Reserve certain one-time revenue generated from non-operating activities outside the City's normal operations, including but not limited to proceeds from

sale of City property, settlement, contribution, or one-time project and/or transaction. Funds in the Designated Revenues Reserve may be appropriated by a two-thirds vote of the City Council at the request of the City Manager. Funds in the Designated Revenues Reserve not appropriated at fiscal year-end are reported as Committed Fund Balance.

The City maintains a minimum level of 16.7% (or two months) of budgeted operating revenues adopted for the same fiscal year, with a goal of reaching 30% over time. This target reserve level does not include the amount set aside for Designated Revenues Reserve (i.e. one time revenues). The 30% target reserve level is allocated first to the Stability Reserve (the first 16.7%) and then to the Catastrophic Reserve (up to 13.3%).

The City ended fiscal year 2022-23 with \$25,700,000 (or approximately 16.4% of adopted General Fund revenues) in the Stability Reserve, and the City's fiscal year 2023-2025 biennial budget projects balances of \$27,928,000 and \$28,660,000 at the end of fiscal year 2023-24 and fiscal year 2024-25, representing approximately 16.7% of the adopted General Fund revenue for the respective fiscal years. The City is not currently funding the Catastrophic Reserve.

Five-Year Plan. The Garden Grove Municipal Code requires the City Manager to prepare and submit to the City Council a proposed five-year plan for the City. The five-year plan includes the five-year forecasts and their allocation with regard to resources, i.e., financial, physical, managerial, and technical. The City develops a five-year capital improvement plan, which is incorporated as part of the biennial budget adoption process. Additionally, a long-range General Fund forecast is presented to the City Council periodically. The most recent five-year forecast on the City's General Fund was presented to the City Council in January 2024. Under the base scenario, the City projected that both revenues and expenditures would increase each year through fiscal year 2027-28, with revenues exceeding expenditures in each such fiscal year. The City's revenues and expenses fluctuate from year to year, and no assurance can be provided that the assumptions on which the five-year plan are based will be realized. See Table 5 and Table 7 for a five-year history of the City's revenues and expenditures and a five year history of the City's tax revenues broken down by source, respectively.

Pension Funding Policy. The City has adopted a Pension Funding Policy for the purpose of establishing a systematic and disciplined method to accumulate resources to be used towards funding pension liability and future benefit payments, and to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner. In implementation of the Pension Funding Policy, the City established a Section 115 Trust; as of January 31, 2024, the trust carried a market value of approximately \$4.3 million. See the caption "—Retirement System—*Section 115 Pension Trust*." The City may consider the issuance of pension obligation bonds to refinance all or a portion of the City's unfunded pension liability in the future. See the caption "—Retirement System—*Pension Obligation Bonds*."

Debt Management Policy. The City has adopted a debt management policy (the "Debt Management Policy") in compliance with California Government Code Section 8855. The Debt Management Policy generally provides that long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and/or operated by the City and that the City will primarily consider the use of debt financing for capital improvement projects when the project's useful life will equal or exceed the term of the financing or otherwise comply with federal tax law requirements, and when resources are identified sufficient to fund the debt service requirements. The Debt Management Policy also generally provides that short-term financing, such as tax and revenue anticipation notes, may be considered for prudent cash management purposes and conduit financing and as an interim source of funding in anticipation of long-term borrowing. The Debt Management Policy also includes a policy implementing disclosure procedures in compliance with federal securities laws. The City's Debt Management Policy is reviewed by City staff periodically to ensure compliance with State and Federal laws.

Infrastructure Funding Policy. The City has adopted an Infrastructure Funding Policy, which sets a framework for policy standards and provides direction to systematically address the infrastructure deficit. It calls out several critical fiscal and asset planning or management practices to be developed over the next few

years, including a Capital Replacement Reserves Policy, asset management plans for each major infrastructure type, and a comprehensive infrastructure plan.

Capital Asset Renewal and Replacement Reserves Policy. The City adopted a Capital Asset Renewal and Replacement Reserves Policy to ensure adequate funding for the renewal and replacement of the City's capital assets to protect the public investment and achieve the assets' maximum useful life. The Policy is intended to promote proactive financial management by increasing awareness of the ongoing need for capital replacement and encouraging long-term capital planning. Initial funding of \$3.0 million was made at the end of fiscal year 2022-23. The City established a Building and Structure Rehabilitation internal service fund in the adopted fiscal years 2023-2025 biennial budget, and \$600,000 per year internal service charges was programmed in the budget.

Investment Policy. The City invests its funds in accordance with the City's investment policy (the "Investment Policy"). In accordance with Section 53600 *et seq.* of the California Government Code, investments and cash management are the responsibility of the City Treasurer. The City's Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth a stated objective, among others, of ensuring the safety of invested funds by limiting credit and market risks. Funds are invested in the following order of priority:

- Safety;
- Liquidity; and
- Yield.

Eligible investments are generally limited to: bankers acceptances; bonds issued by the City; bonds, notes or other evidence of indebtedness of any local agency within California, or state warrants, or Treasury Notes or Bonds of California; bonds, notes or other evidence of indebtedness in any of the other 49 states, in addition to California; commercial paper; discount notes or notes issued by agencies of the Federal Government; diversified management companies, as defined by Section 53601(l) of the California Government Code; medium-term notes issued by corporations; mortgage-backed pass-through securities, collateralized mortgage obligations and asset-backed securities; 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); repurchase agreements; supranationals; State of California Local Agency Investment Fund or other local government investment pools established by public entities; and United States Treasury Notes, Bonds, Bills, or other certificates of indebtedness backed by the United States Government. In many cases, the eligible investments are subject to certain maximum maturity and ratings requirements, as well as certain maximum portfolio limitations for any particular category of eligible investments. Subject to certain constraints set forth in the Investment Policy, the authority to direct the City's investments is delegated to the Finance Director. The Finance Director is required to file a monthly investment report with the City Council which provides a clear picture of the status of current investments, including 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.

At June 30, 2023, the City had an investment portfolio with a market value of \$435,755,837 and at January 31, 2024 the City had an investment portfolio with a market value of \$403,849,487. The City used approximately \$20,828,075 from its investment portfolio to defease the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A in December 2023. See Note 17 to the City's audited financial statements for fiscal year 2022-23 attached hereto as Appendix C for additional details. The following table presents a summary of the City's investment portfolio as of such dates.

TABLE 1
CITY OF GARDEN GROVE
SUMMARY OF INVESTMENTS
(AS OF JUNE 30, 2023 AND February 29, 2024)

<i>Investment Type</i>	<i>Market Value</i>	
	<i>As of June 30, 2023</i>	<i>As of February 29, 2024</i>
U.S. Treasury	\$ 47,990,922	\$ 79,132,100
U.S. Agency Securities	110,907,476	110,328,287
Money Market Funds	232,929	4,060,420
Commercial Paper	27,180,556	19,289,888
Corporate Bonds	71,065,408	55,179,428
Municipal Bonds	46,900,800	45,654,291
Supranationals	17,997,277	18,438,193
Local Agency Investment Fund	98,736,470	42,156,865
Restricted cash and investments		
Investment Pool (PARS) ⁽¹⁾	3,218,497	4,388,055
Held by fiscal agent		
Money Market Funds	<u>11,525,502</u>	<u>14,944,380</u>
Total	\$ 435,755,937	\$ 393,571,907

⁽¹⁾ PARS funds are in a Section 115 trust available only for pension costs. See the caption “—Retirement System—Section 115 Pension Trust.”

Source: City of Garden Grove.

For additional information with respect to the City’s cash and investments, see Note C.1 to the audited financial statements for fiscal year 2022-23 attached to the Official Statement as Appendix C.

Budget Procedure, Current Budget and Historical Budget Information

Budget Procedure. The City Council adopts a biennial budget for all City funds for each biennium, which begins on July 1 of each odd-numbered year. Annual appropriations are approved by the Council for each year of the biennial budget period. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City presents a mid-cycle budget update to the City Council in June of the first fiscal year of the biennial budget. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the City’s operating budget is at the fund 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 various programs and/or departments.

Fiscal Year 2023-25 Adopted Budget. The City’s biennial budget for the 2023-25 period (the “2023-25 Budget”) was approved by the City Council on June 13, 2023 and presented a balanced budget for both fiscal years. The 2023-25 Budget projects General Fund revenues in fiscal year 2023-24 to be approximately \$167.2 million, a decrease of approximately 6.4% from fiscal year 2022-23 audited amounts, and approximately \$171.6 million in fiscal year 2024-25. The 2023-25 Budget also includes one-time funding amounts from fiscal year 2022-23 surpluses of approximately \$1.6 million in fiscal year 2023-24 and \$2.6 million in fiscal year 2024-25. The 2023-25 Budget projects General Fund expenditures in fiscal year 2023-24 to be approximately \$168.9 million, which represents an increase of approximately 5.9% from fiscal year 2022-23 audited amounts, and appropriately \$174.3 million in fiscal year 2024-25.

The City's three primary General Fund revenue sources are property taxes, sales taxes and hotel visitor's taxes, which collectively account for approximately 87% of the City's General Fund revenues in the 2023-25 Budget. The 2023-25 Budget projects that property taxes will grow at approximately 4.7% percent in fiscal year 2023-24 and 3.2% in fiscal year 2024-25. Sales tax receipts are projected to increase by approximately 0.1% and 2.0% in fiscal years 2023-24 and 2024-25, respectively. While hotel visitor's tax revenues were budgeted at a lower level compared to the audited fiscal year 2022-23 amounts, based on the first seven months of actual data for fiscal year 2023-24, hotel visitor's tax receipts are projected to continue to generate revenue at the fiscal year 2022-23 level, which would result in an approximately \$3.0 million budget surplus in fiscal years 2023-24 and 2024-25 in each year. Notable increases in budget expenditures in the 2023-24 Budget include the addition of 17 full-time positions; contractual funding for Be Well, which provides mobile mental health services; flood channel repair and improvements; funding to supplemental building, code enforcement and planning services; funding for economic development and engineering; construction and grant development; replacement of critical police equipment; enhancements to the City's public facilities and infrastructure; several information technology upgrades/enhancements; continuation of the City's Pavement Management Plan acceleration program; traffic and parking enforcement; additional funding for trees and flood control maintenance; and resources for the Sidewalk, Curb and Gutter Cleanup program.

Because certain of the City's General Fund revenues, such as sales taxes and hotel visitors tax revenues, can be unpredictable, the City uses prior year budgeted revenues (instead of actual revenues) to budget the revenues for its next biennial budget. For the fiscal years presented in Tables 3, 4, and 5, this approach resulted in budgeted revenue shortfalls and actual revenue surpluses. Budgeted revenues are derived from City estimates, with the exception of sales taxes which are estimated by a consultant retained by the City for this purpose.

Capital Improvement Program. The City's adopted 2023-2025 biennial budget includes the City's Capital Improvement Plan (the "CIP"), which consists of long-range (five year) capital projects approved by the City Council. Capital funds account for the acquisition, construction, maintenance, and rehabilitation of fixed assets or capital projects, such as land, buildings, streets, curbs, gutters, sidewalks, drainage, water/sewer systems, and equipment. The City's CIP projects are grouped into seven different categories: Street Improvements, Traffic Improvements, Park Improvements, Community & Economic Development Improvements, Facility Improvements, Water Improvements, and Sewer Improvements. The following table sets forth the City's projected Five-Year CIP expenditures by CIP category. Total CIP appropriations for the five years total \$172.9 million and appropriations for fiscal years 2023-24 and 2024-25 are approximately \$67.7 million and \$30.2 million, respectively. The City does not expect to issue new debt to finance any of the projects described in this paragraph and the following table.

The table below does not include any costs of the Project because such amounts were not included in the CIP; however, the City's adopted 2023-25 biennial budget includes approximately \$18.1 million from the General Fund to be budgeted towards a portion of the costs of the Project (all or a portion of which will be reimbursed using proceeds of the Series 2024A Bonds). The Project is expected to be included in the Capital Improvement Program as part of the mid-cycle budget update. See the caption "THE PROJECT—Plan of Finance."

TABLE 2
CITY OF GARDEN GROVE
CAPITAL IMPROVEMENT PLAN
(FISCAL YEARS 2023-24 THROUGH 2027-28)

<i>Project Description</i>	<i>Fiscal Year 2023-24⁽⁴⁾</i>	<i>Fiscal Year 2024-25</i>	<i>Fiscal Years 2025-26 through 2027-28</i>	<i>Total</i>
Street Improvements ⁽¹⁾	\$27,347,522	\$10,620,059	\$ 28,410,735	\$ 66,378,316
Traffic Improvements ⁽²⁾	1,286,500	1,050,000	1,500,000	3,836,500
Park Improvements ⁽²⁾	4,075,000	745,000	1,795,000	6,615,000
Community and Economic Development Improvements ⁽³⁾	8,234,867	55,000	165,000	8,454,867
Facility Improvements ⁽²⁾	300,000	--	--	300,000
Water Improvements ⁽²⁾	15,786,407	10,205,000	25,884,000	51,875,407
Sewer Improvements ⁽²⁾	<u>10,709,216</u>	<u>7,500,000</u>	<u>17,260,000</u>	<u>35,469,216</u>
Total	\$67,739,512	\$30,175,059	\$ 75,014,735	\$ 172,929,306

(1) Payable from various funding sources, including General Fund expenditures for fiscal years 2023-24, 2024-25, and 2025-26 through 2027-28 of approximately \$7.4 million, \$420,000, and \$702,000, respectively.

(2) Not expected to be paid from the General Fund.

(3) Payable from various funding sources, including General Fund expenditures in fiscal year 2023-24 of approximately \$1.0 million. Not expected to be paid from the General Fund after fiscal year 2023-24.

(4) As of March 31, 2024, the City has expended approximately \$27 million on projects included in the CIP for the current Fiscal Year.

Source: City of Garden Grove.

Historical and Preliminary Budget Information. Set forth in Tables 3 presents the adopted General Fund budgets for fiscal years 2021-22 and 2022-23 and the audited results for fiscal years 2021-22 and 2022-23. Table 4 presents the adopted General Fund budget for fiscal years 2023-24 and 2024-25, with budgeted expenditures broken down by department and by type. The General Fund budgets and actuals shown in Tables 3 and 4 below do not reflect the application of GAAP and therefore differ in certain respects to the audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance shown in Table 5 below.

TABLE 3
CITY OF GARDEN GROVE
GENERAL FUND BUDGETS TO ACTUAL COMPARISONS (ON A BUDGETARY BASIS)

	<i>Adopted Fiscal Year 2021-22 Budget</i>	<i>Audited Fiscal Year 2021-22 Results</i>	<i>Adopted Fiscal Year 2022-23 Budget</i>	<i>Audited Fiscal Year 2022-23 Results</i>
REVENUES				
Taxes	\$ 115,783,000	\$ 147,355,942	\$ 142,174,000	\$ 159,930,340
Licenses and permits	3,225,000	2,704,550	3,200,000	3,072,537
Fines, forfeits and penalties	2,300,000	1,859,264	1,800,000	2,305,388
Investment earnings	1,152,684	(4,217,678)	1,421,358	709,999
Charges for current services	5,877,401	7,670,580	4,482,036	7,724,342
From other agencies ⁽¹⁾	27,000,000	24,654,556	--	2,797,420
Other revenues	--	<u>3,367,097</u>	<u>3,565,704</u>	<u>2,069,957</u>
Total revenues	\$ 155,338,085	\$ 183,394,311	\$ 156,643,098	\$ 178,609,983
EXPENDITURES				
Current				
Fire	\$ 30,158,332	\$ 26,975,339	\$ 31,880,332	\$ 30,933,358
Police	70,385,534	68,181,105	76,397,366	72,454,478
Traffic Safety	2,709,761	2,708,284	3,036,178	2,788,572
Public right of way ⁽²⁾	25,663,584	6,781,007	8,259,291	11,102,502
Community buildings ⁽²⁾	21,748,677	3,713,197	4,602,787	4,273,408
Community services	5,025,860	4,805,877	5,435,391	5,304,575
Economic development	1,003,112	1,778,841	1,543,391	1,756,237
Parks and greenbelts	1,623,917	1,601,155	1,796,988	1,427,596
Community planning and development	7,692,738	7,136,889	19,011,305	17,793,188
Municipal support	9,282,729	8,856,198	9,178,641	9,898,298
Debt Service ⁽³⁾				
Principal retirement	515,000	541,101	540,000	579,320
Interest	<u>1,092,317</u>	<u>1,093,121</u>	<u>1,063,920</u>	<u>1,150,820</u>
Total expenditures	\$ 176,901,561	\$ 134,172,114	\$ 162,745,876	\$ 159,462,352
Excess (deficiency) of revenues over (under) expenditures ⁽²⁾	\$ (21,563,476)	\$ 49,222,197	\$ (6,102,778)	\$ 19,147,631
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,386,749	\$ 1,443,302	--	\$ 4,719,612
Transfers out	(1,542,282)	(831,837)	--	(9,092,262)
Proceeds of leases	--	--	--	277,888
Proceeds from sale of capital assets	--	--	--	<u>5,989,694</u>
Total other financing sources (uses)	\$ (155,536)	\$ 611,465	--	\$ 1,894,932
Net Change in fund balance	\$ (21,719,012)	\$ 49,833,662	\$ (6,102,778)	\$ 21,042,563
Fund balance, beginning of year	\$ 112,431,637	\$ 112,431,637	\$ 162,265,299	\$ 162,265,299
Fund balance, end of year	\$ 90,712,625	\$ 162,265,299	\$ 156,192,521	\$ 183,307,862

⁽¹⁾ Includes amounts received by the City from the State and Local Fiscal Relief Fund as part of the American Rescue Plan Act.

⁽²⁾ The budgeted deficiency of revenues under expenditures for fiscal years 2021-22 and 2022-23 results from inclusion of one-time capital projects as previously appropriated and carried over in the City's adopted fiscal year 2021-22 and 2022-23 biennial budgets.

⁽³⁾ Includes debt service with respect to the 2015 Lease Revenue Bonds, which were defeased in December 2023. See the caption "—Indebtedness."

Source: City of Garden Grove Audited Financial Statements for fiscal years 2021-22 and 2022-23.

TABLE 4
CITY OF GARDEN GROVE
ADOPTED FISCAL YEAR 2023-25 BIENNIAL BUDGET (ON A BUDGETARY BASIS)⁽¹⁾

	<i>Adopted Fiscal Year 2023-24 Budget</i>	<i>Adopted Fiscal Year 2024-25 Budget</i>
REVENUES		
Taxes	\$ 151,347,800	\$ 155,370,000
Licenses and permits	2,497,400	2,520,100
Fines, forfeits and penalties	1,924,500	2,045,900
Investment earnings	1,488,700	1,554,700
Charges for current services	7,105,000	7,171,000
From other agencies	--	--
Other revenues ⁽²⁾	<u>4,522,200</u>	<u>5,613,700</u>
Total revenues	\$ 168,885,600	\$ 174,275,400
EXPENDITURES BY DEPARTMENT		
Fire	\$ 31,759,700	\$ 32,966,400
Police	80,552,400	84,531,600
City Administration	4,222,400	4,392,600
City Attorney	1,022,600	1,073,800
Community Development ⁽³⁾	6,447,400	6,845,800
Economic Development & Housing ⁽³⁾	6,926,400	6,926,400
Community Services	6,833,200	7,092,200
Finance	4,118,800	4,294,400
Human Resources	2,303,500	2,352,900
Information Technology	833,000	852,600
Public Works	21,621,200	20,902,500
Non Departmental	<u>2,245,000</u>	<u>2,246,700</u>
Total expenditures by department	\$ 168,885,600	\$ 174,275,400
EXPENDITURES BY TYPE		
Salaries & Wages	\$ 106,304,600	\$ 112,148,200
Contractual Services	41,835,100	42,571,300
Commodities	2,478,100	2,410,000
Internal Service Funds/Debt ⁽⁴⁾	15,562,300	16,251,800
Capital	1,764,900	--
General Fund Transfers	<u>940,600</u>	<u>894,100</u>
Total expenditures by type	\$ 168,885,600	\$ 174,275,400

⁽¹⁾ Based on the City's adopted fiscal year 2023-25 biennial budget. Department Budgets include operating budget, internal service funds and capital improvement.

⁽²⁾ For fiscal years 2023-24 and 2024-25, includes fiscal year 2022-23 surplus in the amount of \$1,648,000 and \$2,652,000, respectively, to fund one-time expenditures.

⁽³⁾ Comm. & Econ Development was restructured into two separate departments starting in fiscal year 2023-24.

⁽⁴⁾ Does not include debt service on the Series 2024A Bonds.

Source: City of Garden Grove Adopted Fiscal Year 2023-25 Biennial Budget.

Comparative Change in Fund Balance of the City General Fund

The table below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for fiscal years 2018-19 through 2022-23.

TABLE 5
CITY OF GARDEN GROVE GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUES					
Taxes ⁽¹⁾	\$ 110,241,920	\$ 116,998,382	\$ 116,343,879	\$ 147,355,942	\$ 159,930,340
Licenses and permits	2,565,448	2,576,315	2,371,876	2,704,550	3,072,537
Fines, forfeits and penalties	1,644,738	2,192,274	2,120,682	1,859,264	2,305,388
Investment earnings (loss)	3,415,620	4,983,917	19,190	(4,217,678)	709,999
Charges for current services	7,922,150	6,850,280	7,938,035	7,670,580	7,724,342
From other agencies ⁽²⁾	207,216	2,199,652	27,210,933	24,654,556	2,797,420
Other revenue	<u>3,841,818</u>	<u>4,326,611</u>	<u>2,427,898</u>	<u>3,367,097</u>	<u>2,069,957</u>
Total revenues	\$ 129,838,910	\$ 140,127,431	\$ 158,432,493	\$ 183,394,311	\$ 178,609,983
EXPENDITURES					
Current⁽³⁾					
Fire	\$ 24,308,795	\$ 27,974,934	\$ 28,470,151	\$ 26,975,339	\$ 30,933,358
Police	55,016,027	63,561,473	65,733,881	68,181,105	72,454,478
Traffic Safety	2,174,167	2,444,723	2,702,044	2,708,284	2,788,572
Public right of way	4,868,558	5,425,625	4,741,813	6,781,007	11,102,502
Community buildings	5,853,353	2,780,717	3,163,726	3,713,197	4,273,408
Community services	2,734,079	4,334,159	3,867,459	4,805,877	5,304,575
Economic development	884,492	1,146,165	2,236,894	1,778,841	1,756,237
Parks and greenbelts	1,200,071	1,335,268	1,348,492	1,601,155	1,427,596
Community planning and development ⁽⁴⁾	5,789,426	6,055,605	6,440,473	7,136,889	17,793,188
Municipal support	8,210,024	8,220,207	8,572,019	8,856,198	9,898,298
Debt Service ⁽⁵⁾					
Principal retirement	579,874	495,034	493,697	541,101	579,320
Interest	<u>1,064,018</u>	<u>1,136,795</u>	<u>1,111,907</u>	<u>1,093,121</u>	<u>1,150,820</u>
Total Expenditures	\$ 112,682,884	\$ 124,910,705	\$ 128,882,556	\$ 134,172,114	\$ 159,462,352
Excess (deficiency) of revenues over (under) expenditures	\$ 17,156,026	\$ 15,216,726	\$ 29,549,937	\$ 49,222,197	\$ 19,147,631
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	--	\$ 873,620	--	--	\$ 5,989,694
Proceeds of leases	--	--	--	--	277,888
Transfers in	\$ 848,117	3,576,491	\$ 948,996	\$ 1,443,302	4,719,612
Transfers out ⁽⁶⁾	<u>(554,862)</u>	<u>(4,454,092)</u>	<u>(397,369)</u>	<u>(831,837)</u>	<u>(9,092,262)</u>
Total other financing sources (uses)	\$ 293,255	\$ (3,981)	\$ 551,627	\$ 611,465	\$ 1,894,932
Net change in fund balances	\$ 17,449,281	\$ 15,212,745	\$ 30,101,564	\$ 49,833,662	\$ 21,042,563
Fund balance, beginning of year	\$ 49,668,047	\$ 67,117,328	\$ 82,330,073	\$ 112,431,637	\$ 162,265,299
Fund balance, end of year	\$ 67,117,328	\$ 82,330,073	\$ 112,431,637	\$ 162,265,299	\$ 183,307,862

⁽¹⁾ See Table 7 and the caption "Tax Revenues By Source."

⁽²⁾ Includes a total of \$48.4 million received by the City across fiscal years 2020-21 and 2021-22 from the State and Local Fiscal Relief Fund as part of the American Rescue Plan Act.

⁽³⁾ Prior to fiscal year 2020-21, the capital outlay associated with each category of expenditures was reported separately in the City's audited financial statements. The capital outlay associated with each category of expenditures for such years has been consolidated into the current expenditures shown.

⁽⁴⁾ Increase in fiscal year 2022-23 due to approximately \$8.5 million being used for the acquisition of the Central Cities Navigation Center.

⁽⁵⁾ Includes debt service with respect to the 2015 Lease Revenue Bonds, which were defeased in December 2023. See the caption "Indebtedness."

⁽⁶⁾ In fiscal year 2022-23, includes transfers out of approximately \$3.3 million to the Navigation Center Fund, approximately \$2.0 million to the Worker's Compensation internal service fund, and approximately \$3.0 million to the newly established Building and Structure Rehabilitation internal service fund.

Source: City of Garden Grove Audited Financial Statements for fiscal years 2018-19 through 2022-23.

Comparative General Fund Balance Sheets of the City

The table below presents the City's audited General Fund Balance Sheets for fiscal years 2018-19 through 2022-23.

TABLE 6
CITY OF GARDEN GROVE
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	2018-19	2019-20	2020-21	2021-22	2022-23
ASSETS					
Cash and cash investments	\$ 51,565,414	\$ 67,308,538	\$ 92,107,943	\$ 138,234,243	\$ 151,276,764
Cash and cash investments with fiscal agents	78	--	46	42	1,012
Cash and investments with pension trust	--	661,578	1,634,947	2,129,403	3,218,497
Taxes receivable	10,438,847	9,029,964	12,623,639	14,534,466	13,895,720
Accounts receivable	2,203,820	1,897,631	648,446	1,421,326	797,197
Interest receivable	437,287	578,263	367,618	82,054	405,395
Intergovernmental receivable	--	--	1,331,197	1,470,406	1,280,576
Intercity loans receivable, net ⁽¹⁾	12,792,825	12,101,948	11,382,206	10,632,394	15,401,256
Due from other funds	--	7,500	--	244,990	20,000
Deposits and prepaid items	21,505	40,510	89,964	85,215	3,330,323
Notes Receivable, net	2,296,356	2,311,570	2,353,227	2,393,824	2,866,840
Leases receivable	--	--	--	2,587,837	4,039,468
Land held for resale	--	2,300,000	2,300,000	2,300,000	2,300,000
Total assets	\$ 79,756,132	\$ 96,237,502	\$ 124,839,233	\$ 176,116,200	\$ 198,833,048
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<u>Liabilities:</u>					
Accounts payable	\$ 1,537,525	\$ 1,320,877	\$ 1,630,452	\$ 2,433,646	\$ 2,644,936
Accrued liabilities	2,118,367	1,918,665	1,942,676	1,624,685	1,886,182
Refundable deposits	3,558,787	3,577,916	2,687,217	3,406,875	3,399,054
Intercity loan payable ⁽¹⁾	2,590,532	2,553,273	2,509,289	2,435,745	2,353,050
Unearned Revenue	--	617,600	--	--	--
Due to other funds	1,538,097	1,982,515	2,115,021	71,587	72,399
Total liabilities	\$ 11,343,308	\$ 11,970,846	\$ 10,884,655	\$ 9,972,538	\$ 10,355,621
<u>Deferred inflows of resources:</u>					
Unavailable revenue	\$ 1,295,496	\$ 1,936,583	\$ 1,522,941	\$ 1,310,659	\$ 1,251,636
Lease related	--	--	--	2,567,704	3,917,929
Total deferred inflows	\$ 1,295,496	\$ 1,936,583	\$ 1,522,941	\$ 3,878,363	\$ 5,169,565
<u>Fund balances:</u>					
Non-spendable:					
Intercity loan ⁽¹⁾	\$ 12,792,825	\$ 12,101,948	\$ 8,872,917	\$ 8,196,649	\$ 13,048,206
Prepaid items	21,505	40,510	89,964	85,215	3,330,323
Land held for resale	--	2,300,000	2,300,000	2,300,000	2,300,000
Restricted:					
Public safety	90,596	90,596	90,596	35,426	37,884
Fire protection	--	--	280	55,170	56,670
Public right of way	280	280	280	280	280
Community planning and development	3,469,026	4,038,776	4,038,775	4,260,938	4,841,256
Community services	176,535	176,535	176,535	176,535	191,941
Municipal support and services	56,758	56,758	47,566	47,566	40,885
Pension trust	--	661,578	1,634,947	1,634,947	2,129,403
Committed					
Stability reserve	--	22,500,000	22,500,000	22,500,000	25,700,000
Assigned					
Post-employment benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Building improvements	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Property tax lawsuit	--	500,000	--	--	--
General plan	261,619	357,236	428,622	428,622	576,200
Unassigned	47,448,184	37,205,856	69,951,435	120,243,951	128,754,814
Total fund balances	\$ 67,117,328	\$ 82,330,073	\$ 112,431,637	\$ 162,265,299	\$ 183,307,862
Total liabilities, deferred inflows of resources, and fund balances	\$ 79,756,132	\$ 96,237,502	\$ 124,839,233	\$ 176,116,200	\$ 198,833,048

⁽¹⁾ Represents various interfund loans between the City's General Fund and other City funds. For more information with respect to such intercity loans, see Note C.2 in the City's audited financial statements for fiscal year 2022-23 attached to this Official Statement as Appendix C.

Source: City of Garden Grove Audited Financial Statements for fiscal years 2018-19 through 2022-23.

Tax Revenues By Source

The City derives its General Fund tax revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, franchise taxes, a real property transfer tax and transient occupancy taxes. The City's total General Fund tax revenues by source for the five most recent fiscal years are set forth below.

TABLE 7
CITY OF GARDEN GROVE
GENERAL FUND TAX REVENUES BY SOURCE

<i>Revenue Category</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
Property Tax ⁽¹⁾	\$ 49,352,438	\$ 50,421,674	\$ 55,217,475	\$ 59,773,289	\$ 66,649,173
Sales and Use Tax	29,371,450	43,122,113	48,400,853	58,770,201	59,309,080
Transient Occupancy Tax ⁽²⁾	26,285,458	18,277,467	7,598,813	23,421,081	28,075,056
Franchise Tax	2,404,867	2,332,753	2,331,476	2,538,622	2,863,122
Business License Tax	<u>2,827,707</u>	<u>2,844,375</u>	<u>2,795,262</u>	<u>2,852,749</u>	<u>3,033,909</u>
Total	\$ 110,241,920	\$ 116,998,382	\$ 116,343,879	\$ 147,355,942	\$ 159,930,340

(1) Inclusive of property taxes in lieu of Department of Motor Vehicles license fees. See “—Property Taxes” below.

(2) Transient Occupancy Tax (Hotel Visitor's Tax) was negatively affected in fiscal years 2019-20 and 2020-21 by the federal and state measures imposed to address the COVID-19 pandemic.

Source: City of Garden Grove.

Property Taxes

During fiscal year 2022-23, property tax receipts of approximately \$66.6 million provided the largest tax revenue source of the City, contributing approximately 37.3% of total General Fund revenues. General Fund property tax revenues of approximately \$60.9 million are budgeted to be received during fiscal year 2023-24. Several years ago, the Statewide Department of Motor Vehicles license fees (“VLF”) were reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the “VLF backfill.” The State VLF backfill was phased out, and as of Fiscal Year 2011-12, all of the VLF is now received through an in-lieu payment from State property tax revenues referred to as Property Taxes in lieu of VLF.

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State Law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property are due November 1 and February 1 and become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due July 1, and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 75 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.

In the past, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund. The term “ERAF” is often used as a shorthand reference for this shift of property taxes. In 1992-93 and 1993-94, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over \$3 billion of property taxes from cities, counties, and special districts to schools and community college districts. The 2004-05 State budget included an additional \$1.3 billion shift of property taxes from certain local agencies, including the City, to occur in fiscal years 2004-05 and 2005-06. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A” and “—Proposition 22” for a description of certain limitations on the State’s authority over local government revenue sources.

The table below sets forth the secured and unsecured assessed valuations for property in the City for the fiscal years 2014-15 through 2023-24. Values shown in the following table exclude the incremental assessed value of property within the redevelopment project areas established in the City above the base year assessed value of such properties (i.e. the assessed value of the property at the time the redevelopment project areas were established). For fiscal years 2021-22, 2022-23, and 2023-24, the incremental assessed value of the property within the former redevelopment project areas was \$4,806,413, \$5,110,810, and \$5,111,324, respectively. The City receives a share of the residual property taxes generated by such incremental assessed value, after property taxes are allocated to the Successor Agency to pay its enforceable obligations (sometimes referred to as “residual property tax revenue”). The amount of residual property tax revenue received from the City fluctuates from year to year. In fiscal year 2021-22 the City received approximately \$3.9 million in residual property tax revenue, and in fiscal year 2022-23 the City received approximately \$5.9 million in residual property tax revenue.

TABLE 8
CITY OF GARDEN GROVE
ASSESSED VALUATION
FISCAL YEARS 2013-14 THROUGH 2023-24
(in thousands)

<i>Fiscal Year</i>	<i>Secured</i>	<i>Unsecured</i>	<i>Taxable Assessed Value⁽¹⁾</i>	<i>Total Direct Tax Rate</i>
2014-15	\$10,538,784	\$356,435	\$10,895,219	1.145%
2015-16	10,568,876	234,280	10,803,156	1.151
2016-17	12,226,724	364,776	12,591,500	1.150
2017-18	12,873,943	335,785	13,209,728	1.189
2018-19	12,373,687	263,636	12,637,323	1.183
2019-20	13,000,870	232,485	13,233,355	1.184
2020-21	14,167,631	252,597	14,420,228	1.185
2021-22	15,071,294	278,284	15,349,578	1.094
2022-23	16,030,786	364,320	16,395,106	1.178
2023-24	16,032,715	364,320	16,397,035	1.179

⁽¹⁾ Excludes incremental assessed value of property located in redevelopment project areas.

Source: City of Garden Grove Audited Financial Statements for fiscal years 2014-15 through 2022-23; the City of Garden Grove for fiscal year 2023-24.

The County operates under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the County. The City’s share of the *ad valorem* property tax levy is included in the County’s Teeter Plan. As a result, the City currently receives 100% of such levy and is not impacted by delinquencies in payment. However, the County may choose to discontinue the Teeter Plan at any time.

The 10 largest property taxpayers in the City for fiscal year 2023-24 based on total assessed valuation, the land use and the percentage of the City’s total assessed value attributable to each are shown in the below table. The information in Table 9 has been obtained from third-party sources and is included for general information purposes only. The City has not verified the information in Table 9 and does not guarantee the accuracy of such information.

The largest property taxpayer in the City, GWGG LLC, is the owner of the Great Wolf Lodge, a 603-room family-style hotel with a 121,000 square foot indoor water park (exclusively for use by hotel guests) located in the City on Harbor Boulevard, north of Garden Grove Boulevard, approximately three miles from the Disneyland Resort. The second largest property taxpayer in the City, Investel Harbor Resorts LLC, is the owner of the Hyatt Regency Orange County, a 653-room hotel located at the corner of Harbor Boulevard and Chapman Avenue in the City, approximately one mile from the Disneyland Resort. As reflected in the following table, both of these property taxpayers have assessment appeals pending with respect to these properties.

TABLE 9
CITY OF GARDEN GROVE
TOP TEN PRINCIPAL PROPERTY TAXPAYERS
2023-24 ASSESSED VALUATION

	<i>Property Owner</i>	<i>Secured</i>	<i>Unsecured</i>	<i>Total</i>	<i>% of Total⁽¹⁾</i>	<i>Primary Use</i>
1.	GWGG LLC ⁽²⁾	\$ 250,494,041	--	\$ 250,494,041	1.16%	Commercial
2.	Investel Harbor Resorts LLC ⁽²⁾	136,199,694	\$ 9,821,119	146,020,813	0.68	Commercial
3.	House Foods Holding USA INC	36,245,400	71,095,989	107,341,389	0.50	Unsecured
4.	Landmark Hotel LLC	87,693,395	5,224,982	92,918,377	0.43	Commercial
5.	Rexford Industrial Realty LP	82,783,568	--	82,783,568	0.38	Industrial
6.	New Age Brookhurst LLC	81,862,665	162,909	82,025,474	0.38	Residential
7.	Christ Catholic Cathedral	57,805,296	12,680,979	70,486,275	0.33	Commercial
8.	Khanna Enterprises Limited ⁽²⁾	60,150,533	2,911,300	63,061,833	0.29	Commercial
9.	SPS Technologies LLC	2,865,051	59,246,857	62,111,908	0.29	Unsecured
10.	TNA Distributions LLC	<u>61,518,043</u>	<u>--</u>	<u>61,518,043</u>	0.28	Residential
	Totals	\$ 857,617,686	\$ 161,144,135	\$ 1,018,761,821	4.71%	

⁽¹⁾ 2023-24 Local Assessed Valuation (secured and unsecured): \$21,629,090,674 (including incremental value in the redevelopment project areas).

⁽²⁾ Has pending assessment appeals.

Source: City of Garden Grove.

Sales Taxes

General. During fiscal year 2022-23, sales tax receipts of approximately \$59.3 million provided the second largest tax revenue source for the City, contributing approximately 33.2% of total General Fund revenues. General Fund sales tax revenues of approximately \$60.3 million are budgeted to be received during fiscal year 2023-24. A sales tax is imposed on retail sales or consumption of personal property. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current total sales tax rate in the City is 8.75%, which includes the 7.75% sales tax rate established by the State Legislature and the 1% transactions and use tax imposed by the City's Measure O.

Measure O was approved by the voters of the City on November 6, 2018, and imposes a one percent transaction and use tax within the City. The Measure O transaction and use tax is essentially the same as the sales tax except that it is only subject to transactions delivered to customers within the City (i.e. point-of-destination) whereas sales tax applies to transactions originating within the City (i.e. point-of-sale). The voters authorized the Measure O sales tax to be collected indefinitely, and the revenues generated by the Measure O sales tax are General Fund revenues.

The City is home to over 4,600 businesses, and the top 25 businesses generated approximately 49.8% of the City's total sales tax revenues in fiscal year 2022-23. The City's sales tax base is diverse and comprised of the following categories: Autos and Transportation, Restaurants and Hotels, State and County Pools (internet sales), General Consumer Goods, Fuel and Service Stations, Building and Construction, Business and Industry (manufacturing and business-to-business sells), and Food and Drugs.

The table below sets forth the top twenty-five sales tax producers as of the third quarter of calendar year 2023 in alphabetical order.

TABLE 10
CITY OF GARDEN GROVE
TOP 25 SALES TAX PRODUCERS
(AS OF SEPTEMBER 30, 2023)

Arco	My Goods Market
Arco AM PM	Quantum Auto Sales
California Fuels & Lubricants	Reece Plumbing
Compass Group USA	Rexel
Costco	Ross
Galaxy Harbor	Shell
Garden Grove Hyundai	Simpson Chevrolet
Garden Grove Kia	STG Auto Group
Garden Grove Nissan	Target
Great Wolf Lodge Southern California	Toyota Place
Home Depot	Volkswagen of Garden Grove
Marshalls	Walmart Supercenter
McDonalds	

Source: City of Garden Grove.

Sales Tax Abatement Agreements. The City has entered into several tax abatement agreements for the purpose of attracting and retaining businesses within the City.

In 2016, the City approved an Amended and Restated Operating Covenant Agreement with California Fuels and Lubricants for business retention purposes pursuant to Senate Bill 562. The Amended Agreement provides for economic development assistance in the form of varying revenue sharing ratios of the amount of sales tax revenue generated in excess of \$200,000 annually for a period of 20 years. For fiscal year 2022-23, California Fuels and Lubricants received assistance payments of \$775,493.

In 2017, the City entered into an agreement with Garden Grove Automotive, Inc (“GGA”) regarding the acquisition and operation by GGA of an existing Kia car dealership. Subject to the contingency that GGA fulfills the covenants of the agreement and generates enough sales tax revenue during the fiscal year, the City has agreed to pay GGA an amount equal to 35% of the sales tax revenue in excess of \$150,000. The amount paid in fiscal year 2022-23 was \$37,500.

Transient Occupancy Tax (Hotel Visitor’s Tax)

During fiscal year 2022-23, hotel visitor’s tax receipts of approximately \$28.1 million provided the third largest tax revenue source for the City, contributing approximately 15.7% of total General Fund revenues. General Fund hotel visitor’s tax revenues of approximately \$25.0 million are budgeted to be received during fiscal year 2023-24. While hotel visitor’s tax was budgeted at a lower level compared to the audited fiscal year 2022-23 amounts, based on the first seven months of actual data for fiscal year 2023-24, hotel visitor’s tax receipts are expected to remain strong and continue to generate revenue at the fiscal year 2022-23 level. The City applies a 14.5% hotel visitor’s tax on the cost of hotel or other lodging stays of less than 30 days. The City’s hotel visitor’s tax was originally approved by the voters in 2002 at a rate of 13% and in 2012 the voters of the City approved increasing the rate to the current rate of 14.5%. The City’s hotel visitor’s tax does not expire and the revenues collected are General Fund revenues.

Twenty-six hotels operate in the City, including a Hyatt Regency, Marriott, Great Wolf Lodge (hotel and water park), Embassy Suites, and Delta Hotels by Marriott. Eleven of the City’s hotels are located within one mile of the Disneyland Resort, which includes the Disneyland and California Adventure theme parks.

Hotel Visitor's Tax Abatement Agreement. In 2010, the Successor Agency entered into an agreement with Garden Grove MXD, LLC for the construction of the Great Wolf Lodge. The performance-based assistance began in fiscal year 2015-16 and is based on the City's hotel visitor's tax rate. If the hotel visitor's tax rate charged by the City impacts an agreed upon transient occupancy tax rate differential with a neighboring City, an amount will be rebated to the developer equal to the total room revenue multiplied by that transient occupancy tax differential. The amount of hotel visitor's tax rebated to Garden Grove MXD, LLC for the fiscal year 2022-23 was \$764,600.66. This amount is an approved enforceable obligation of the Successor Agency and is not expected to be paid from the General Fund.

Business Operation Tax

Business Licenses are a non-regulatory tax. Any person or entity that is physically present in the City of Garden Grove conducting business activity needs a Business License from the City. During fiscal year 2022-23, business operation tax receipts of approximately \$3.0 million contributed approximately 1.7% of total General Fund Revenues. General Fund business operation tax revenues of approximately \$2.8 million are budgeted to be received during fiscal year 2023-24. As of December 31, 2023, total revenues from Business License tax exceeded \$1.8 million.

Franchise Taxes

Franchise taxes are collected for services provided within the City. During fiscal year 2022-23, franchise tax receipts of approximately \$3.0 million contributed approximately 1.7% of total General Fund Revenues. General Fund franchise tax revenues of approximately \$2.3 million are budgeted to be received during fiscal year 2023-24. Franchise taxes are collected for services provided within the City. Typically, franchise taxes are collected from electric, natural gas, refuse, cable, and telephone service providers and based on consumer use. Franchise tax revenues are expected to be impacted by changes in gas and electric pricing along with changes in weather patterns. While residential population may be slightly increasing, the cable franchise tax is estimated to decline due to the increasing prevalence of alternative entertainment options, including satellite television and online streaming service subscriptions.

Charges for Services

During fiscal year 2022-23, charges for services of approximately \$7.7 million contributed approximately 4.3% of total General Fund revenues. General Fund revenues from charges for services of approximately \$7.1 million are budgeted to be received during fiscal year 2023-24. The City collects charges for services for various building inspection fees, use of City facilities, non-resident ambulance reimbursement, and overhead charges to other funds.

Licenses and Permits

During fiscal year 2022-23, revenues from licenses and permits of approximately \$3.1 million contributed approximately 1.7% of total General Fund revenues. General Fund revenues from licenses and permits of approximately \$2.5 million are budgeted to be received during fiscal year 2023-24. Revenues from licenses and permits are comprised of various building permits, animal license permits and fees and other development related permits.

Fines and Forfeitures

During fiscal year 2022-23, revenues from fines and forfeitures of approximately \$2.3 million contributed approximately 1.3% of total General Fund revenues. General Fund revenues from fines and forfeitures of approximately \$2.0 million are budgeted to be received during fiscal year 2023-24. Revenues from fines and forfeitures consists of traffic fines, parking citations, water violations and code enforcement citations.

Other Revenue Sources

Intergovernmental. The City receives other General Fund revenue from other government agencies, principally from the State and Federal governments. These revenues include monies called subventions, as well as grants for specific projects, and reimbursements related to State mandated activities or disaster/emergency declarations. These revenues can fluctuate from year-to-year for on-going programs and activities.

Investment Earnings. Revenues from investment earnings consist of interest earnings on City investments.

Other. Other sources of General Fund revenue for the City include reimbursements for special events, recovery from damage to City properties, donations, sale of City assets, and other miscellaneous revenue sources. These revenues can be inconsistent from year-to-year or are generally one-time in nature.

Indebtedness

Long-Term Debt. The City's long-term obligations payable from the General Fund currently consist of two building leases, two equipment leases, nine vehicle leases and various subscription-based information technology arrangements with various vendors with an aggregate total lease liability as of June 30, 2023 of \$704,350.

The City has also issued various series of bonds payable from the City's Water Utility Enterprise Fund, Sewage Collection Fund, or from the Successor Agency's funds, and not payable from the General Fund.

On December 5, 2023, the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A (the "2015 Lease Revenue Bonds") were fully defeased. The 2015 Lease Revenue Bonds were originally issued in 2015 in the aggregate principal amount of \$24,790,000 and as of June 30, 2023 had a balance of \$20,715,000.

For additional information with respect to the City's outstanding long-term obligations, see Note C.9 to the audited financial statements for fiscal year 2022-23 attached to the Official Statement as Appendix C.

Short-Term Debt. The City currently has no short-term debt outstanding.

Retirement System

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City 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. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The City's defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove (the "Miscellaneous Plan") and the Safety Plan of the City of Garden Grove (the "Safety Plan"), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members

and beneficiaries. The Miscellaneous Plan and the Safety Plan are part of the Public Agency portion of the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate Annual Comprehensive Financial Report. Copies of CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

On September 12, 2012, the California Governor signed the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) into law. PEPRA took effect January 1, 2013. Among other things, PEPRA: (1) established PEPRA which applies to all public employers and public pension plans on and after January 1, 2013 (except specific exemptions); (2) established new retirement tiers/benefits for new public employees; (3) prohibited certain cash payment from being counted as compensation; and (4) increased retirement age for all new public employees.

Each employee contributes toward his or her retirement based upon the retirement formula. Under PEPRA, the mandated employee contribution rate is one half of the normal cost as determined annually by CalPERS for the City when the actuarial valuation of the plans are performed. Active PEPRA plan members in the Miscellaneous Plan are required to contribute 6.75% of reportable earnings for a 2.0% at 62 retirement plan. Active PEPRA plan members in the Safety Plan are required to contribute 12.75% of reportable earnings for a 2.7% at 57 retirement plan. Active “Classic” plan members in the Miscellaneous Plan are required to contribute 8.00% of reportable earnings for a 2.5% at 55 retirement plan. Active “Classic” plan members in the Safety Plan of the City are required to contribute 9.00% of reportable earnings for a 3.0% at 50 retirement plan.

The City entered into an agreement with the Orange County Fire Authority (“OCFA”) on April 9, 2019 for OCFA to provide fire and emergency medical services to the City starting on August 16, 2019. Therefore, the Safety Plan includes the pension liability for the fire employees through April 2019 and OCFA has taken over responsibility for the employer’s share of pension costs for these employees going forward.

The required employer contribution rates for fiscal year ended June 30, 2023 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

Benefits provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<i>Miscellaneous Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates ⁽¹⁾	43.55%	43.55%

⁽¹⁾ As described under “—Contributions” below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.

	<i>Safety Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates ⁽¹⁾	97.53%	97.53%

⁽¹⁾ As described under “—Contributions” below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.

Employees Covered. As of the June 30, 2022 actuarial valuation date, the following employees were covered by the benefit terms for each plan:

<i>Description</i>	<i>Miscellaneous</i>	<i>Safety</i>
Inactive employees or beneficiaries currently receiving benefits	708	512
Inactive employees entitled to but not yet receiving benefits	495	156
Active employees	<u>386</u>	<u>172</u>
Total	1,589	839

Contributions. Section 20814(c) of the California Public Employee’s Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

The required employer contribution is comprised of a Normal Cost component and a component equal to an amortized amount of the unfunded liability or Annual Unfunded Accrued Liability (“UAL”) Payment. The Normal Cost is the annual cost of service earned by active employees for the upcoming fiscal year, which is expressed as a percentage of payroll. The Annual UAL Payment is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL Payment is a fixed dollar annual payment, billed monthly.

Beginning with fiscal year 2017-18 CalPERS began collecting employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. According to CalPERS, this change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. 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 set forth in the tables below. CalPERS indicates that these results are provided for information purposes only and contributions toward the unfunded liability will continue to be collected as set dollar amounts.

For the year ended June 30, 2023, the City's total required contributions were \$13,424,666 for the Miscellaneous Plan and \$21,548,966 for the Safety Plan. Such amounts were paid by the City and represented approximately 8.4% and 13.5%, respectively, of General Fund expenditures. The City's required contributions in fiscal year 2023-24 are \$13,835,656 for the Miscellaneous Plan and \$23,176,095 for the Safety Plan, and the City has budgeted to make such payments. However, the City allocates a portion of such pension costs to other City funds (i.e. the City's Water Utility, Sewer Utility, and Housing Authority funds) as appropriate.

The tables below are derived from the City of Garden Grove Annual Valuation Reports with valuation dates as of June 30, 2022 and delivered in July 2023 (the "2023 Reports") and show the required and projected employer contributions for the next six fiscal years. Projected results reflect the adopted changes to the discount rates described in the 2023 Report. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over the time as new employees are hired into PEPPRA or other lower cost benefit tiers.

The foregoing projections assumed the investment return for fiscal year 2022-23 would be 6.80% and beyond. CalPERS announced an investment return of 5.80% for fiscal year 2022-23. As a result, the actual contribution requirements for the fiscal years 2024-25 and the following years shown below can be expected to differ from such projections. No assurance can be provided that the City's CalPERS plan expenses will not increase significantly in the future.

Miscellaneous Plan

<i>Fiscal Year</i>	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23 and Beyond)</i>				
	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Normal Cost %	11.93%	11.6%	11.3%	11.0%	10.7%	10.5%
UAL Payment	\$ 11,185,848	\$ 10,227,000	\$ 10,496,000	\$ 11,092,000	\$ 12,398,000	\$ 12,672,000
Total as a % of Payroll*	45.50%	41.4%	41.1%	41.6%	44.0%	43.6%
Projected Payroll	\$ 33,316,292	\$ 34,249,148	\$ 35,208,124	\$ 36,193,952	\$37,207,382	\$ 38,249,189

* Illustrative only and based on the projected payroll shown.

Source: CalPERS Miscellaneous Plan of the City of Garden Grove Annual Valuation Report as of June 30, 2022.

Safety Plan

<i>Fiscal Year</i>	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23 and Beyond)</i>				
	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Normal Cost %	24.62%	23.9%	23.2%	22.6%	22.0%	21.4%
UAL Payment	\$ 19,722,288	\$ 20,990,000	\$ 21,808,000	\$ 22,847,000	\$ 24,922,000	\$ 25,471,000
Total as a % of Payroll*	103.55%	105.6%	105.8%	106.7%	111.3%	110.1%
Projected Payroll	\$ 24,988,207	\$ 25,687,876	\$ 26,407,137	\$ 27,146,537	\$ 27,906,639	\$ 28,688,026

* Illustrative only and based on the projected payroll shown.

Source: CalPERS Safety Plan of the City of Garden Grove Annual Valuation Report as of June 30, 2022.

Net Pension Liability. The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The City's June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP- 2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan

	<i>Increase (Decreases)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Plan Net Pension Liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)=(a)-(b)</i>
Balance at June 30, 2021	\$ 357,065,376	\$ 291,752,153	\$ 65,313,223
Changes in the year:			
Service cost	6,003,691	--	6,003,691
Interest on the total pension liability	24,841,644	--	24,841,644
Changes in assumptions	11,834,221	--	11,834,221
Difference between actual and expected experience	(2,812,686)	--	(2,812,686)
Contribution - employer	--	12,360,011	(12,360,011)
Contribution - employee	--	2,371,491	(2,371,491)
Net Investment income	--	(22,166,332)	22,166,332
Benefit payments, including refunds of employee contributions	(18,129,856)	(18,129,856)	---
Administrative expense	--	(181,744)	181,744
Net changes	<u>21,737,014</u>	<u>(25,746,430)</u>	<u>47,483,444</u>
Balance at June 30, 2022	\$ 378,802,390	\$ 266,005,723	\$ 112,796,667

Safety Plan

	<i>Increase (Decreases)</i>		
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Plan Net Pension Liability (c)=(a)-(b)</i>
Balance at June 30, 2021	\$ 586,839,978	\$ 434,809,261	\$ 152,030,717
Changes in the year:			
Service cost	7,909,848	--	7,909,848
Interest on the total pension liability	40,930,945	--	40,930,945
Changes in assumptions	21,051,324	--	21,051,324
Difference between actual and expected experience	(2,239,626)	--	(2,239,626)
Contribution - employer	--	19,491,065	(14,491,065)
Contribution - employee	--	2,837,409	(2,837,409)
Net Investment income	--	(32,867,582)	32,867,582
Benefit payments, including refunds of employee contributions	(32,808,974)	(32,808,974)	--
Administrative expense	--	(270,860)	270,860
Net changes	<u>34,843,517</u>	<u>(43,618,942)</u>	<u>78,462,459</u>
Balance at June 30, 2022	\$ 621,683,495	\$ 391,190,319	\$ 230,493,176

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>
1% Lower	5.90%	5.90%
Net Pension Liability	\$164,346,822	\$316,300,449
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$112,796,667	\$230,493,176
1% Higher	7.90%	7.90%
Net Pension Liability	\$70,406,942	\$160,647,196

The Net Pension Liabilities for the City's pension plans have been primarily liquidated by funding from the General, Water, Sewage Collection and Housing Authority funds based on their proportionate personnel costs of the year.

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained on the CalPERS website.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the accounting standard changed financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for fiscal year 2022-23 attached hereto as Appendix C reflect the application of the GASB 68.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Pension contributions subsequent to measurement date	\$ 13,424,666	--
Changes in assumptions	7,451,176	--
Differences between expected and actual experiences	263,080	\$ (1,770,950)
Net difference between projected and actual earnings on pension plan investments	<u>13,454,069</u>	<u>--</u>
Totals	\$ 34,592,991	\$ (1,770,950)

Safety Plan

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Pension contributions subsequent to measurement date	\$ 21,548,966	--
Changes in assumptions	12,630,794	--
Differences between expected and actual experiences	56,003	\$ (1,458,969)
Net difference between projected and actual earnings on pension plan investments	<u>19,576,841</u>	<u>--</u>
Totals	\$ 53,812,604	\$ (1,458,969)

The \$13,424,666 and \$21,548,966 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>
<i>Measurement Period Ended June 30:</i>	<i>Deferred Outflows/(Inflows) of Resources, Net</i>	<i>Deferred Outflows/(Inflows) of Resources, Net</i>
2023	\$5,760,977	\$10,566,056
2024	4,259,548	6,504,715
2025	944,995	1,238,789
2026	8,431,855	12,495,109

Funded Status. The tables below are derived from the 2023 Reports and show the funded status of the City's defined benefit pension plan as of the valuation dates shown.

Safety Plan

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
6/30/2018	\$326,674,105	\$225,361,716	\$101,312,389	69.0%	\$29,535,056
6/30/2019	339,022,359	234,901,507	104,120,852	69.3	27,675,839
6/30/2020	351,307,306	240,644,136	110,663,170	68.5	28,899,920
6/30/2021	370,636,803	291,734,343	78,902,460	78.7	29,934,218
6/30/2022	385,872,623	265,999,237	119,873,386	68.9	30,667,425

Source: CalPERS Miscellaneous Plan of the City of Garden Grove Annual Valuation Report as of June 30, 2022.

Miscellaneous Plan

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
6/30/2018	\$546,234,958	\$348,316,850	\$197,918,108	63.8%	\$28,869,602
6/30/2019	565,114,729	359,902,546	205,212,183	63.7	27,215,867
6/30/2020	581,960,501	363,308,360	218,652,141	62.4	21,181,792
6/30/2021	613,243,226	434,782,371	178,460,855	70.9	22,180,469
6/30/2022	639,254,589	391,180,653	248,073,936	61.2	23,001,478

Source: CalPERS Safety Plan of the City of Garden Grove Annual Valuation Report as of June 30, 2022.

Section 115 Pension Trust. The City Council adopted a Pension Funding Policy in 2019. Accordingly, an Internal Revenue Service Section 115 Trust was established to prefund pension obligations. The trust is a tax-exempt irrevocable trust, trust assets are to be used exclusive for payment of pension liabilities. Assets held in the trust are reported as restricted cash investments in the General Fund. The City has consistently funded the Section 115 Trust on an annual basis since fiscal year 2019-20. As of January 31, 2024, the Section 115 Trust carries a market value of \$4,309,613.

For additional information with respect to the City's retirement plans, including with respect to the long-term expected rate of return, discount rate, amortization of deferred outflows and deferred inflows of resources, and recognition of gains and losses, see Note C.12 to the City's audited financial statements for fiscal year 2022-23 attached hereto as Appendix C.

Pension Obligation Bonds. In 2022, the City Council authorized the issuance of pension obligation bonds to refinance all or a portion of the City's unfunded pension liability. The City has not yet issued pension obligation bonds but the City expects to monitor market conditions and may consider the issuance of such bonds to refinance all or a portion of the City's unfunded pension liability if and when the City determines that such issuance will provide a financial benefit to the City.

Other Post-Employment Benefits

Plan Description. The City administers an Other Post-Employment Benefit ("OPEB") plan which is subject to changes based on the discretion of the Council. The City provides an agent multiple-employer defined benefit healthcare plan to retirees through CalPERS under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as "PERS Health."

Employees Covered. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible to begin drawing a CalPERS pension. The benefits are available only to employees who retire from the City.

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the City OPEB plan:

Inactive Employees Receiving Benefit Payments	288
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	--
Participating Active Employees	<u>567</u>
Total Number of Participants	855

Source: City of Garden Grove Actuarial Study of Retiree Health Liabilities Under GASB 74/75, prepared by Total Compensation Systems, Inc., dated March 7, 2024.

Contributions. The contributions for the City's OPEB benefits are based on pay-as-you-go financing requirements. The contribution requirements of OPEB plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The City's contribution rates were \$151 and \$149 per month for each retiree for the calendar years ended 2023 and 2022, respectively. For the fiscal year ended June 30, 2023, the City contributed \$517,951 to the OPEB plan.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability. The City's total OPEB liability as shown in the City's audited financial statements for fiscal year 2022-23 was determined by an actuarial valuation dated June 30, 2021, based on various actuarial methods and assumptions. For additional information with respect to actuarial methods and assumptions used to determine the total OPEB liability, see Note C.13 to the City's audited financial statements for fiscal year 2022-23 attached hereto as Appendix C.

Costs for Retiree Coverage. Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 78.3% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any City contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Fire Fighters	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$13,982	\$1,752
Police Officers	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$13,982	\$1,752
Miscellaneous Employees	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$9,375	\$1,752

Source: City of Garden Grove Audited Financial Statements for fiscal year 2022-23.

The participation rates per the actuarial report for all employee types for the group that is less than age 65 (Non-Medicare) and for the group that is more than age 65 (Medicare) is 70%.

GASB Statement No. 75. In June 2015, GASB issued Statement No. 75, which became effective for fiscal years beginning after June 15, 2017. The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). Statement No. 75 is also intended to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all

postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

More specifically, Statement No. 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Statement No. 75 requires the recognition of the total OPEB liability in the Statement of Net Position.

Total OPEB Liability. If actuarial assumptions are borne out by experience, the City will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability ("TOL"). The TOL is calculated as the Actuarial Present Value of Projected Benefit Payments minus the present value of future service costs.

The changes in the OPEB liability for the City in the fiscal year ending June 30, 2023 are as follows:

	<i>Increase (Decrease)</i>
	<i>Total OPEB Liability</i>
Balance at June 30, 2022	\$ 48,708,347
Changes recognized for the measurement period:	
Service cost	2,250,612
Interest on the total OPEB liability	1,056,801
Employer Contributions as Benefits	(1,815,415)
Experience (Gains)/Losses	14
Assumption Changes	(8,394,004)
Net Changes	<u>(6,901,992)</u>
Balance at June 30, 2023	<u>\$ 41,806,355</u>

Sensitivity of OPEB Liability to Changes in the Discount. The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

<i>Discount Rate 1% Lower</i>	<i>Valuation Discount Rate</i>	<i>Discount Rate 1% Higher</i>
(2.54%)	(3.54%)	(4.54%)
\$47,774,707	\$41,806,355	\$37,576,368

The following presents the OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

<i>Trend Rate 1% Lower</i>	<i>Valuation Trend Rate</i>	<i>Trend Rate 1% Higher</i>
(3.00%)	(4.00%)	(5.00%)
\$35,717,597	\$41,086,355	\$49,090,207

For additional information with respect to the City's OPEB plan, including with respect to actuarial methods and assumptions used to determine the total OPEB liability, recognition of deferred outflows and inflows of resources and OPEB expense and deferred outflow/inflow of resources to OPEB, see Note C.13 to the audited financial statements for fiscal year 2022-23 attached hereto as Appendix C.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2024A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2024A Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series 2024A Bonds

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2024A Bonds. The Authority has no taxing power.

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

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

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

Abatements

In the event of substantial interference with the City’s right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Abatement.” In the event that a portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City’s rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Series 2024A Bonds, there could be insufficient funds to make payments to Owners in full. The Authority has not funded a reserve fund for the Series 2024A Bonds.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Series 2024A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2024A Bonds.

The City is required under the Lease Agreement to maintain property insurance and rental interruption insurance with respect to the Property, as well as a policy of title insurance (which is obtained at Closing). See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Insurance.” If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Series 2024A Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series 2024A Bond Owners for nonpayment under such circumstances.

Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, up to a maximum of ten years beyond the stated termination date of the Lease Agreement.

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2024A Bonds.

Effect of Economy on Revenues

The City relies heavily on property tax, sales tax, and transient occupancy (hotel) tax revenues. These revenues can be negatively affected by economic downturns in various ways. Property taxes are directly linked to the assessed value of property in the City and an economic recession affecting real estate markets can cause a significant decline in the City’s property tax revenues. Similarly, a recession could cause a reduction in consumer spending and travel, which would have a material adverse impact on the City’s sales tax and transient occupancy tax revenues. The “stay at home” orders imposed by federal, state, and local governments in response to the COVID-19 pandemic had a material adverse impact on the City’s transient occupancy tax revenues in fiscal year 2020-21, as shown in Table 7. The City can provide no assurance that economic factors affecting the City, the State, or the nation will not cause a reduction in the City’s General Fund tax revenues and a material adverse effect on the City’s ability to pay Base Rental Payments.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide, flood or a rise in sea levels as result of climate change, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments. The City has a state-adopted all-hazards plan, which includes specific planning for emergencies such as earthquakes, floods, fires, winter storms, thunderstorms, hazard materials release, power outage, drought, civil unrest, dam failure and national security threats.

The PSF is being designed to meet the standards of a California Category IV Essential Services facility (as defined by the Seismic Safety Act). Category IV essential services buildings are designed to remain operational even in adverse conditions such as earthquakes or fire.

Earthquakes. Although no known active or potentially active faults, as defined in the Alquist-Priolo Earthquake Fault Zone Act, cross the Property and the Property is not located in an Alquist-Priolo Earthquake Study Zone, all jurisdictions in California are subject to the effects of damaging earthquakes. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage, including to the Property. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and could require a high level of self-help, coordination and cooperation. The City is not required to, and does not, maintain earthquake insurance with respect to the Property.

Wildfires. The State is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding. According to the Safety Element of the City's General Plan, given the City's urban terrain and lack of open space, the threat of a wildfire directly impacting the City is diminished but an urban fire during a period of high winds could lead to an urban conflagration. The existence of several petroleum and hazardous materials facilities within the City also contribute to the fire threat. Additionally, fires outside the City can impact residents as smoke and air pollution from wildfires can be a severe health hazard, especially for more vulnerable health impaired populations.

Flood Risk. Most of the City is subject to minimal flood risk, and is located in a low risk flood zone. In the City, the flood zone areas are designated by the Federal Emergency Management Agency ("FEMA") as Flood Zone A or Flood Zone X. Flood Zone A is designated as the high risk, Special Flood Hazard Area (SFHA), inundated by a 100-year floodplain. Flood Zone X designates areas of a 500-year flood; areas of 100-year flood with average depths of less than 1-foot or with drainage less than 1-square mile; and areas protected by levees from a 100-year flood. The City's Municipal Services Center/Public Works Yard is located in Flood Zone A. No other portion of the Property is located within Flood Zone A.

Climate Change. Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The City considers the potential effects of climate change in its planning.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The City prepared a Local Hazard Mitigation Plan ("LHMP") dated February 2020, to help the City plan for natural disasters and hazard events. The LHMP indicates that the City is vulnerable to numerous hazards, including dam failures, floods, earthquakes, drought, and other severe weather events. Climate change can exacerbate these hazards. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Property which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Base Rental Payments or cause an abatement in Base Rental Payments. Reduced ability to pay Base Rental Payments could affect the payment of the principal of and interest on the Series 2024A Bonds. The City maintains liability insurance and property casualty insurance (for losses other than from seismic events) for the Premises. See the caption “THE CITY OF GARDEN GROVE—Risk Management.” However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make Base Rental Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. With the exception of the groundwater plume located beneath the Municipal Services Center/Public Works Yard property described under the caption “THE PROPERTY—The Release Property,” the City is not aware of any hazardous substances located on the Property.

Other Financial Matters

Due to weakness in the economy of the State and the United States, it is possible that the general revenues of the City will decline. Such financial matters may have a detrimental impact on the City’s General Fund, and, accordingly, may reduce the City’s ability to make Base Rental Payments. See “THE CITY OF GARDEN GROVE” and “CITY FINANCIAL INFORMATION.”

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. In particular, following completion of Phase I of the Project, the City may release the Release Property from the Ground Lease and the Lease Agreement, subject to certain conditions. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution or Release of the Property.” Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Additional Bonds.”

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series 2024A Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of the Property; Substitution or Release.”

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Issuance of Bonds; Application of Proceeds.”

Limited Recourse on Default; No Acceleration of Base Rental

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

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

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Series 2024A Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series 2024A Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS” and APPENDIX B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies.”

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy

petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the Base Rental Payments for the benefit of the Owners of the Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Authority would recover possession of the Property and the Trustee, as assignee of the Authority, would have a claim for damages against the City. The Trustee's claim would constitute a secured claim only to the extent of Revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners of the Series 2024A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Series 2024A Bonds. In a bankruptcy case, the amount recovered by Owners of the Series 2024A Bonds could be affected by whether the Lease Agreement is determined to be a "true lease" or a loan or other financing arrangement (a "financing lease"), and the Owners' recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a "true lease" (rather than a financing lease), the City could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Series 2024A Bonds may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the City might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition, there can be a substantial disparity in treatment based on the nature of the Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest due on the Series 2024A Bonds.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Series 2024A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series 2024A Bonds when due. In addition, certain risks, such as earthquakes and floods, are not required to be insured under the Lease Agreement, and therefore, are not carried by the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Insurance."

Loss of Tax Exemption

As discussed under the heading “TAX MATTERS,” the interest on the Series 2024A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2024A Bonds, as a result of acts or omissions of the Authority or the City in violation of its covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Series 2024A Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2024A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

On January 10, 2024, the Governor released his proposed State budget for fiscal year 2024-25 (the “Proposed 2024-25 State Budget”). The following is drawn from the Department of Finance (“DOF”) and Legislative Analyst’s Office (“LAO”) summaries of the Proposed 2024-25 State Budget. The Proposed 2024-25 State Budget reports that the State is facing a budgetary shortfall in 2024 of approximately \$37.9 billion. The shortfall is rooted in two separate but related developments that have occurred over the past two fiscal years—a substantial decline in the stock market that drove down revenues and an unprecedented delay in critical income tax collections. The Proposed 2024-25 State Budget indicates that, typically, the bulk of cash data relating to the prior tax year is available by April, leading to a revised May budget informed by actual cash collections. In calendar year 2023, due to federal and state income tax deadline delays resulting from several winter storms, the majority of the State’s revenues did not arrive until October and November. As a result, the corrections that would have been necessary to account for the decline in State revenues that would have normally come as part of last year’s May revision are instead being made in the Proposed 2024-25 State Budget.

The Proposed 2024-25 State Budget also includes multiyear projections of revenues and spending. Under the administration’s projections, the State faces operating deficits in 2025-26 through 2027-28 of \$37 billion, \$30 billion and \$28 billion, respectively. The LAO notes that although these deficits are smaller than the one projected for 2024-25, the State will have fewer options—such as one-time spending and draws on reserves—which could necessitate ongoing spending cuts or revenue increases.

The City cannot predict the extent of the budgetary problems the State may encounter in future fiscal years, and it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City’s finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by international, national and State economic conditions and other factors over which the City has no control.

A number of the City’s revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State’s efforts to address any such related State financial difficulties.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The City employs a multi-level cyber protection scheme that includes network firewalls, server- and personal computer- level anti-virus software, anti-spam/malware software, email protection as well as intrusion protection. The City also conducts periodic cybersecurity training for City employees. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City. Additionally, the City carries cybersecurity insurance.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2024A Bonds are payable from Base Rental Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area"

based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits that Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters (such as the Bonds), appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government’s actual appropriations be tested against its limit every two years.

If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

The City’s appropriations have never exceeded the limitation on appropriations under Article XIII B.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no

assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City’s General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City’s General Fund to continue to support such activities.

Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City’s General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after July 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995 in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 2004-05 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other

funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition

Proposition 26

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

Possible Future Initiatives

General. Articles XIII A, XIII B, XIII C and XIII D and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

Initiative Measure Qualified for November 2024 Ballot – Taxpayer Protection and Government Accountability Act. A ballot initiative known as the "Taxpayer Protection and Government Accountability Act" ("Initiative 1935") received the required number of signatures to appear on the November 5, 2024 Statewide ballot. If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things, Initiative 1935 would amend the definition "tax" in Article XIII C to include "every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge." Initiative 1935 defines "exempt charge" to mean a "reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the actual costs [as opposed to the reasonable costs] of providing the service or product to the payor." "Exempt charges" also encompass existing exceptions from the definition of "tax" added to Article XIII C by Proposition 26, including property-related fees imposed in accordance with Article XIII D (see "—Articles XIII C and XIII D of the California Constitution – Proposition 218," above). "Actual costs" is defined as "the minimum amount necessary to reimburse the government for the cost of providing the service or product ... less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received

to provide such service or product.” Initiative 1935 further provides that the local government adopting an exempt charge would bear the burden of proving by clear and convincing evidence (as opposed to a preponderance of the evidence) that: (a) a levy, charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor. Initiative 1935 would also amend Article XIIC to provide that no local law, whether proposed by the governing body or by an elector, may impose any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. The full definitions of the terms referenced above, along with the full text of Initiative 1935, may be viewed at the website of the California Attorney General.

Initiative 1935 is retroactive, and provides that any tax or exempt charge adopted after January 1, 2022 but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof, would be void 12 months after the effective date of Initiative 1935, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The City cannot predict whether Initiative 1935 will be approved at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances that it will not have a material adverse effect on the City’s ability to adopt or increase rates, fees, and charges for the various services provided by the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 Series 2024A 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. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A 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 Series 2024A Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024A Bonds to assure that interest (and original issue discount) on the Series 2024A 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 Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2024A 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 Series 2024A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2024A 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 Series 2024A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2024A 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 Series 2024A Bond Owner's basis in the applicable Series 2024A Bond (and the amount of tax-exempt interest received with respect to the Series 2024A 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 Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the Owner. Purchasers of the Series 2024A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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 Series 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024A Bonds might be affected as a result of such an audit of the Series 2024A 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 Series 2024A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2024A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A 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 SERIES 2024A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2024A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2024A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A 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 SERIES 2024A 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 SERIES 2024A 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 Series 2024A 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 Series 2024A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2024A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2024A 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 Series 2024A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2024A Bonds.

Should interest (and original issue discount) on the Series 2024A Bonds become includable in gross income for federal income tax purposes, the Series 2024A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

CERTAIN LEGAL MATTERS

The validity of the Series 2024A Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. Stradling Yocca Carlson & Rauth LLP is also acting as Disclosure Counsel for the City and represented the City in connection with negotiation of the Project Agreement. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2024A Bonds. From time to time, Bond and Disclosure Counsel represents the Underwriter on matters unrelated to the Series 2024A Bonds. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Series 2024A Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2024A Bonds, the Lease Agreement, the Ground Lease or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing.

UNDERWRITING

The Series 2024A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter will purchase the Series 2024A Bonds from the Authority at an aggregate purchase price of \$_____ (representing the principal amount of the Series 2024A Bonds, [plus/less] a [net] original issue [premium/discount] of \$_____ and less an Underwriter’s discount of \$_____)

The purchase agreement relating to the Series 2024A Bonds provides that the Underwriter will purchase all of the Series 2024A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2024A Bonds to certain dealers (including dealers depositing Series 2024A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

RATING

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) has assigned an issuer credit rating of “_____” with a stable outlook to the Series 2024A Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by

the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2024A Bonds. None of the Authority, the City, or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2024A Bonds a proposed change in or withdrawal of any rating or to oppose any such proposed revision or withdrawal.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. has acted as municipal advisor (the “Municipal Advisor”) to the Authority and City in conjunction with the issuance of the Series 2024A Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the Series 2024A Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Series 2024A Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series 2024A Bonds to provide annually certain financial information and operating data relating to the Series 2024A Bonds and the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City’s undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The Annual Report is to be provided by the City not later than March 31 after the end of the City’s fiscal year, commencing with the report for fiscal year 2023-24. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

[Within the last five years, the City and its related entities have not failed to timely file all required information pursuant to its existing continuing disclosure undertakings pursuant to Rule 15c2-12.] ***[TO BE UPDATED BASED ON UNDERWRITER REVIEW]***

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements of the City for the year ended June 30, 2023, together with the report thereon dated December 22, 2023 of Davis Farr LLP, Irvine, California, certified public accountants (the “Auditor”). Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City’s financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 22, 2023.

MISCELLANEOUS

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

and handling, from the City Clerk at the City of Garden Grove, 11222 Acacia Parkway, Garden Grove, California 92840.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series 2024A Bonds.

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

**GARDEN GROVE PUBLIC FINANCING
AUTHORITY**

By: _____
Executive Director

CITY OF GARDEN GROVE

By: _____
City Manager

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GARDEN GROVE

Population

The following table summarizes population estimates for the City of Garden Grove, the County and the State from 2019 through 2023.

POPULATION ESTIMATES City of Garden Grove, County of Orange and State of California 2019-2023⁽¹⁾

<i>Year (January 1)</i>	<i>City of Garden Grove</i>	<i>County of Orange</i>	<i>State of California</i>
2019	174,038	3,185,378	39,605,361
2020	173,457	3,180,491	39,648,938
2021	171,464	3,167,783	39,286,510
2022	171,195	3,151,946	39,078,674
2023	171,183	3,137,164	38,940,231

⁽¹⁾ January 1 data.

Source: California State Department of Finance, Demographic Research Unit., *E-4 Population Estimates for Cities, Counties, and the State, 2010-2020, with 2010 Census Benchmark, and E-4 Population Estimates for Cities, Counties, and the State, 2020-2023, with 2020 Benchmark.*

Building Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years of data currently available for the City and County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS 2018 through 2022 City of Garden Grove (Dollars in Thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation					
Residential	\$38,211	\$38,850	\$30,099	\$ 40,626	\$34,665
Non-Residential	<u>55,454</u>	<u>37,332</u>	<u>18,850</u>	<u>19,786</u>	<u>52,230</u>
Total	\$93,665	\$76,182	\$48,949	\$60,412	\$86,895
Units					
Single Family	157	219	208	264	269
Multiple Family	<u>51</u>	<u>406</u>	<u>4</u>	<u>2</u>	<u>0</u>
Total	208	625	212	266	269

Note: Totals may not sum due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2018 through 2022
Orange County
(Dollars in Thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation					
Residential	\$3,188,601	\$2,750,619	\$1,870,958	\$2,393,961	\$2,214,772
Non-Residential	<u>2,090,029</u>	<u>3,532,285</u>	<u>1,984,321</u>	<u>1,825,076</u>	<u>1,825,076</u>
Total	\$5,278,630	\$6,282,904	\$3,855,279	\$4,219,037	\$4,039,848
Units					
Single Family	5,097	3,975	3,125	3,292	2,929
Multi Family	<u>5,197</u>	<u>4,130</u>	<u>7,169</u>	<u>4,382</u>	<u>3,405</u>
Total	10,294	8,105	10,294	7,674	6,334

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Personal Income

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

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

The following table summarizes per capita personal income for the City, the County, the State of California and the United States for the years 2013 through 2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME⁽¹⁾
County of Orange, State of California, and United States
2013-2022

<i>Year</i>	<i>County of Orange</i>	<i>California</i>	<i>United States</i>
2013	\$53,545	\$48,076	\$44,401
2014	55,461	50,619	46,287
2015	59,242	53,817	48,060
2016	61,188	55,863	48,971
2017	63,513	58,214	51,004
2018	66,058	60,984	53,309
2019	69,590	64,174	55,547
2020	75,572	70,061	59,153
2021	81,567	76,991	64,430
2022	83,553	77,036	65,470

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years of data currently available for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2018 through 2022⁽¹⁾
City of Garden Grove, Orange County, the State of California and the United States

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment</i>	<i>Unemployment Rate (%)⁽³⁾</i>
<u>2018</u>				
City of Garden Grove	81,600	78,900	2,700	3.3%
Orange County	1,616,100	1,568,300	47,900	3.0
State of California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Garden Grove	81,300	78,800	2,500	3.1%
Orange County	1,616,800	1,571,300	45,500	2.8
State of California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of Garden Grove	81,300	71,700	9,600	11.9%
Orange County	1,566,900	1,427,000	139,900	8.9
State of California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of Garden Grove	79,700	73,700	6,000	7.5%
Orange County	1,560,700	1,467,300	93,400	6.0
State of California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of Garden Grove	80,200	77,400	2,800	3.5%
Orange County	1,590,900	1,540,600	50,300	3.2
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2022 Benchmark.

Industry

The County is included in the Anaheim-Santa Ana-Irvine Metropolitan District (the “MD”). The distribution of employment in the MD is presented in the following table for the past five calendar years. These

figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Anaheim-Santa Ana-Irvine Metropolitan Division
(Orange County)
2018-2022⁽¹⁾

	2018	2019	2020	2021	2022
Farming	2,000	1,900	1,900	2,000	1,600
Mining and Logging	500	500	400	400	300
Construction	105,900	106,100	101,300	102,200	106,500
Manufacturing	160,800	160,100	150,100	149,800	155,400
Wholesale Trade	79,800	79,400	79,400	75,600	76,900
Retail Trade	152,600	150,500	137,600	143,400	146,000
Transportation, Warehousing and Utilities	29,200	29,500	29,600	31,100	33,700
Information	26,700	26,000	24,100	24,000	24,800
Financial Activities	118,700	117,600	115,900	117,100	114,100
Professional and Business Services	317,300	328,400	309,200	321,700	332,500
Education and Health Services	225,200	233,100	225,800	237,300	249,500
Leisure and Hospitality	222,600	227,700	161,800	180,400	217,700
Other Services	51,400	52,000	44,100	47,500	52,700
Government	161,200	162,500	156,100	155,700	160,200
Total:	1,653,800	1,675,300	1,532,700	1,587,900	1,671,500

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

⁽¹⁾ Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2021 Benchmark*.

Principal Employers

The following tables list the principal employers located in the City and the County for the periods shown below.

MAJOR EMPLOYERS
City of Garden Grove
2023

Rank	Name of Business	Employees	Percent of Total City Employment
1.	Great Wolf Lodge Southern California	700	0.83%
2.	Air Industries Company	625	0.74
3.	Garden Grove Hospital Medical Center	516	0.61
4.	Hyatt Regency Orange County	424	0.50
5.	GKN Aerospace Transparency Systems Inc	409	0.49
6.	Safran Cabin Inc	350	0.42
7.	Costco #126	323	0.38
8.	Full Clip	310	0.37
9.	Walmart #4171	272	0.32
10.	Saint Gobain Performance Plastics Corp.	226	0.27

Source: City of Garden Grove Annual Comprehensive Financial Report for the year ending June 30, 2023.

**PRINCIPAL EMPLOYERS
2023
Orange County**

<i>Rank:</i>	<i>Employer</i>	<i>Employees</i>
1.	Walt Disney Co.	25,000
2.	University of California, Irvine	22,253
3.	County of Orange	18,035
4.	St. Joseph Health System	12,062
5.	Boeing Co.	6,890
6.	Kaiser Permanente	6,040
7.	Bank of America Corp.	6,000
8.	Walmart Inc.	6,000
9.	MemorialCare	5,635
10.	Target Corp.	5,400

Source: County of Orange, Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023.

Education

K-12 public instruction in the City is provided by the Garden Grove Unified School District, which is the third largest school district in Orange County. The City includes 70 elementary schools, 48 Intermediate schools, 10 High schools, 8 Special education schools, 2 Adult education schools and one technical education school.

APPENDIX B
SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2023

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Garden Grove Public Financing Authority
Garden Grove, California

Re: *Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A*

Ladies and Gentlemen:

We have acted as bond counsel to the Garden Grove (the “Authority”) in connection with the issuance by the Authority of \$_____ Lease Revenue Bonds, Series 2024A (the “Series 2024A Bonds”), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of June 1, 2024 (the “Indenture”), by and among the Authority, the City of Garden Grove (the “City”) and U.S. Bank Trust Company, National Association, as Trustee. The Series 2024A Bonds will be principally secured by lease payments to be made by the City pursuant to a Lease Agreement, dated as of June 1, 2024 (the “Lease”), by and between the Authority and the City. We have examined the law and such certified proceedings and other documents, agreements, opinions and matters as we deem necessary to render this opinion. This opinion is based on current statutory and constitutional law and published court decisions as of the date hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease and the Ground Lease. We call attention to the fact that the rights and obligations under the Series 2024A Bonds, the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Series 2024A Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture, the Lease or the Ground Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Series 2024A Bonds.

2. The Indenture and the Lease have each been duly authorized and approved by the Authority and the Indenture and the Lease constitute the valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid pledge of the Base Rental Payments and other moneys pledged under the Indenture, subject to the provisions of the Indenture.

3. The Indenture and the Lease have each been duly authorized and approved by the City and the Indenture and the Lease constitute the valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

4. The Series 2024A Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Series 2024A Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

5. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series 2024A 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; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest (and original issue discount) on the Series 2024A Bonds is exempt from personal income taxes imposed in the State of California.

7. The difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024A Bond Owner will increase the Series 2024A Bond Owner's basis in the applicable Series 2024A Bond. Original issue discount that accrues to the Series 2024A 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 (as described in paragraph 5 above) and is exempt from State of California personal income tax.

8. The amount by which a Series 2024A 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 Series 2024A Bond premium which must be amortized under Section 171 of the Code; such amortizable Series 2024A Bond premium reduces the Series 2024A Bond Owner's basis in the applicable Series 2024A 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 Series 2024A Bond premium may result in a Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold

by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the owner.

The opinions expressed in paragraphs (5) and (7) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2024A Bonds are 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 Series 2024A Bonds to assure that such interest (and original issue discount) 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 Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The Authority and the City have covenanted to comply with all such requirements. Except as set forth in paragraphs (5), (6), (7) and (8) above, we express no opinion as to any tax consequences related to the Series 2024A Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Lease and Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture, the Lease and Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest on the Series 2024A Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

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

The opinions expressed herein are based upon an analysis 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 foregoing opinions 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 such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Series 2024A Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2024A Bonds. We expressly disclaim any duty to advise the owners of the Series 2024A Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Series 2024A Bonds.

Respectfully submitted,

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2024A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2024A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2024A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024A Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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 Standard & Poor's highest rating: "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 and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities 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 Paying Agent, 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 Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest 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 Paying Agent, 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.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. 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, Security certificates will be printed and delivered to DTC.

RECORDING REQUESTED BY:

Garden Grove Public Financing Authority

AND WHEN RECORDED MAIL TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE AND THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE BECAUSE THE ASSIGNOR IS A GOVERNMENTAL AGENCY. LEASE TERM LESS THAN 35 YEARS.

THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES.

MEMORANDUM OF LEASE AGREEMENT

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of June 1, 2024

Relating to

\$_____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A**

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT (the “Memorandum”) is made and entered into as of the 1st day of June, 2024, by and between the CITY OF GARDEN GROVE, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the “City”) and the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”).

The City has pursuant to a Ground Lease, dated as of June 1, 2024 (the “Ground Lease”), by and between the City and the Authority, which Ground Lease is being recorded concurrently herewith, leased all of the real property legally described in Exhibit A and Exhibit B attached hereto to the Authority.

FOR VALUABLE CONSIDERATION, the Authority hereby leases to the City, and the City hereby leases back from the Authority, all of the real property legally described in Exhibit A and Exhibit B attached hereto, subject to the terms and conditions of that certain unrecorded Lease Agreement, dated as of June 1, 2024 (the “Lease”), by and between the City and the Authority, which by this reference is incorporated herein. All capitalized terms in this Memorandum not otherwise defined herein shall have the same meaning as set forth in the Lease.

The Authority’s rights under the Lease, including the right to receive and enforce payment of the Rental Payments to be made by the City under the Lease, have been assigned and transferred to U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States, as trustee pursuant to the unrecorded Indenture (the “Trustee”), without recourse for the benefit of the Owners of the Bonds, pursuant to the Assignment Agreement, dated as of June 1, 2024, by and between the Authority and the Trustee, to which assignment, transfer and sale the City hereby consents.

The term of the Lease shall commence on the Closing Date and shall end on [April 1, 2054], unless such term is extended as provided in the Lease. If on [April 1, 2054] the Bonds shall not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of the Lease shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of the Lease shall in no event be extended more than ten years beyond [April 1, 2054], such extended date being the “Maximum Lease Term.” If prior to [April 1, 2054] all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, the Indenture shall be discharged by its terms, and all Rental Payments shall have been paid in full, the term of the Lease shall end simultaneously therewith.

Furthermore, pursuant to the terms and conditions set forth in the Lease, the City may release the Release Property described in Exhibit B hereto upon completion of construction of the Project as provided in the Lease, and the City may substitute additional real property for the property described in Exhibit A and/or Exhibit B or delete portions of the real property described therein from the Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, each of the parties hereto has executed this Memorandum of Lease as of the day and year first hereinabove written.

CITY OF GARDEN GROVE

By: _____
Steven R. Jones
Mayor

ATTEST:

Teresa Pomeroy
City Clerk

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Steven R. Jones
Chair

ATTEST:

Teresa Pomeroy
Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Property conveyed under the foregoing to the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the City Council of the City of Garden Grove, pursuant to authority conferred by resolution of said City Council adopted on April 9, 2024, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: June 1, 2024

CITY OF GARDEN GROVE

By: _____
Lisa Kim, City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

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ss.

COUNTY OF ORANGE

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On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

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ss.

COUNTY OF ORANGE

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On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT SITE

[To come]

EXHIBIT B

LEGAL DESCRIPTION OF THE RELEASE PROPERTY

[To come]

RECORDING REQUESTED BY:

Garden Grove Public Financing Authority

AND WHEN RECORDED RETURN TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE. THE ASSIGNOR IS A GOVERNMENTAL AGENCY.

ASSIGNMENT AGREEMENT

by and between

GARDEN GROVE PUBLIC FINANCING AUTHORITY

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

Dated as of June 1, 2024

Relating to

\$ _____

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2024A**

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this “Assignment Agreement”), executed and entered into as of June 1, 2024, is by and between the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as Trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the City has entered into that certain Project Agreement dated as of April 1, 2024 (the “Project Agreement”), with Edgemoor Garden Grove Civic Center Partners, LLC, a Maryland limited liability company (“Edgemoor”), pursuant to which Edgemoor has agreed to design and construct certain public capital improvements to be located at Acacia Parkway, east of Euclid Street, in the City, including an approximately 100,000 square foot public safety facility, a four-level parking structure that will provide approximately 350 parking spaces, and a reconfigured 2.8-acre Civic Center Park, as well as the demolition of the existing police headquarters building located at 11301 Acacia Parkway in the City (collectively, the “Project”);

WHEREAS, the City and the Authority desire to finance all or a portion of the acquisition, construction, installation, and demolition work constituting the Project as provided in the Project Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2024A” (collectively, the “Series 2024A Bonds”) for the purpose of financing the Project;

WHEREAS, in order to facilitate the issuance of the Series 2024A Bonds, the City will lease certain real property and the improvements located thereon (the “Property”) to the Authority pursuant to a Ground Lease, dated as of the date hereof and recorded concurrently herewith (the “Ground Lease”), and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated as of the date hereof, a memorandum of which will be recorded concurrently herewith (the “Lease Agreement”);

WHEREAS, during the construction of the Project, the Property will consist of the Project Site (defined below and described in Exhibit A) and the Release Property (defined below and described in Exhibit B); upon completion of construction of the Property the City is permitted to release the Release Property from the Lease Agreement and the Ground Lease as provided in more detail in Section 10.04 of the Lease Agreement;

WHEREAS, under the Lease Agreement, the City is obligated to make Base Rental Payments (as defined in the Lease Agreement) to the Authority;

WHEREAS, the Authority desires to assign without recourse certain of its rights in the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments, to the Trustee

for the benefit of the owners of the Series 2024A Bonds to be issued pursuant to the Indenture, dated as of the date hereof (the “Indenture”), by and among the Authority, the City and the Trustee;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment 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 Assignment Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Assignment. The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign and transfer to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Series 2024A Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority shall retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

Section 3. Conditions. This Assignment Agreement shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

Section 4. Further Assurances. The Authority shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Series 2024A Bonds, the rights intended to be conveyed pursuant hereto.

Section 5. Governing Law. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS HEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Section 6. Execution. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Assignment Agreement.

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IN WITNESS WHEREOF, the Authority and the Trustee have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above-written.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Steven R. Jones
Chair

ATTEST:

Teresa Pomeroy
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
[NAME]
Authorized Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

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ss.

COUNTY OF ORANGE

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On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Page 262 of 264

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT SITE

[To come]

EXHIBIT B

LEGAL DESCRIPTION OF THE RELEASE PROPERTY

[To come]