

**NEW ISSUE—BOOK-ENTRY ONLY**

**RATINGS:** S&P: “\_\_” (Insured)

S&P: “\_\_-” (Underlying)

See “RATINGS” herein

*In the opinion of Nossaman LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, interest on the Bonds is included in the calculation of adjusted financial statement income of certain corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.*

**[\$[Principal Amount]]<sup>1\*</sup>**  
**SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY**  
**OF THE CITY OF HAWTHORNE**  
**TAX ALLOCATION REFUNDING BONDS, SERIES 2025**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover**

The \$[principal amount] Successor Agency to the Community Redevelopment Agency of the City of Hawthorne Subordinate Tax Allocation Refunding Bonds, Series 2025 (the “Bonds”) are being issued by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the “Successor Agency”) pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code (collectively, the “Refunding Bond Law”), a resolution adopted by the Successor Agency on March 11, 2025 and an Indenture of Trust, dated as of June 1, 2025 (the “Indenture”), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to: (a) refund the Successor Agency’s Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of \$15,625,000, the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the “Former Agency”), (b) [purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the Bonds,] and (c) pay costs of issuance of the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Principal of and semiannual interest on the Bonds due on March 1 and September 1 of each year, commencing [March 1, 2026], will be payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See “THE BONDS.”

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are payable from and secured by a first lien on the Tax Revenues, as defined in the Indenture, and moneys in certain funds and accounts established under the Indenture, as further described in this Official Statement. See “SECURITY FOR THE BONDS” herein. While the Bonds are secured by a first lien on Tax Revenues, the definition of Tax Revenues excludes the amounts required to pay certain statutory pass-through obligations of the Successor Agency described in this Official Statement.

The scheduled payment of principal of and interest on the Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_.

[Bond Insurer Logo]

The Bonds and interest thereon are not a debt of the City of Hawthorne (the “City”), Los Angeles County (the “County”), the State of California (the “State”) or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The Bonds and interest thereon are not payable out of any funds or properties other than those pledged to their payment under the Indenture. Neither the members of the Successor Agency, the Oversight Board (as defined herein), the County Board of Supervisors nor any persons executing the Bonds are liable personally on the Bonds. The Successor Agency has no taxing power.

**MATURITY SCHEDULE**  
(see inside cover)

This cover page and the inside cover page hereof contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision with respect to the Bonds.

*The Bonds are offered when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Los Angeles, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Nossaman LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed on for the Successor Agency by Robert Kim, Esq., the Hawthorne City Attorney, acting as general counsel to the Successor Agency, and for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June \_\_, 2025.*

**Ramirez & Co., Inc.**

This Official Statement is dated \_\_\_\_, 2025

<sup>1</sup> Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$[Principal Amount]<sup>2\*</sup>  
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF HAWTHORNE  
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

**MATURITY SCHEDULE**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP<sup>3†</sup> (Base 42051P)</u>
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\* Preliminary, subject to change.

† Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the Successor Agency nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds.

**SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE**

**Successor Agency Governing Board/City Council<sup>4\*</sup>**

Alex Vargas, *Chair/Mayor*  
Alex Monteiro, *Vice Chair/Mayor Pro Tem*  
Katrina Manning, *Boardmember/Councilmember*  
Angie Reyes English, *Boardmember/Councilmember*  
Faye Johnson, *Boardmember/Councilmember*

**Successor Agency/City Officials**

Vontray Norris, *Executive Director/City Manager*  
Felice Lopez, *Finance Director*  
Robert Kim, *Successor Agency Counsel/City Attorney*  
Dayna Williams-Hunter, *Secretary/City Clerk*

**SPECIAL SERVICES**

**Municipal Advisor**

CSG Advisors Incorporated  
San Francisco, California

**Bond Counsel and Disclosure Counsel**

Nossaman LLP  
Los Angeles, California

**Fiscal Consultant**

Harris & Associates  
Irvine, California

**Trustee and Escrow Agent**

U.S. Bank Trust Company, National Association  
Los Angeles, California

**Verification Agent**

Causey Public Finance, LLC P.C.  
Denver, Colorado

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\* The City Council of the City of Hawthorne serves as the Governing Board of the Successor Agency.

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

*Use of this Official Statement.* This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

*Preparation of this Official Statement.* The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The 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 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.

*Document References and Summaries.* All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

*Stabilization of and Changes to Offering Prices.* The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

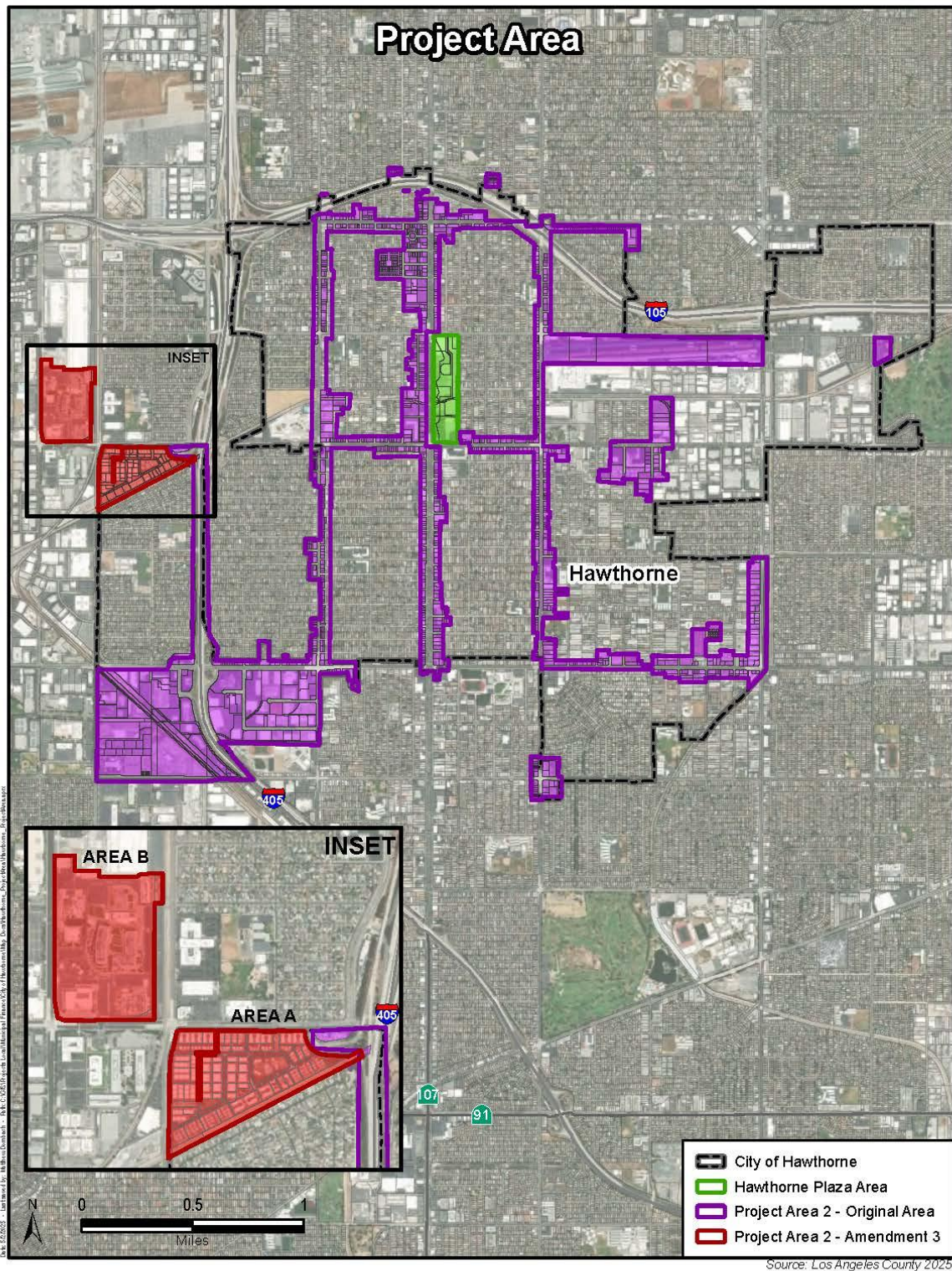
*Bonds are Exempt from Securities Laws Registration.* The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under section 3(a)(2) of the Securities Act of 1933 and section 3(a)(12) of the Securities Exchange Act of 1934.

*Estimates and Projections.* 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,” “budget” or other similar words. 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 SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

*Website.* The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

*Municipal Bond Insurance.* \_\_\_\_ (the “Bond Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

The following map shows the boundaries of the Project Areas:



## OFFICIAL STATEMENT

\$[principal amount]<sup>5\*</sup>  
SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF HAWTHORNE  
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

### INTRODUCTION

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the “Successor Agency”) of its \$[principal amount]\* Successor Agency to the Community Redevelopment Agency of the City of Hawthorne, Tax Allocation Refunding Bonds, Series 2025 (the “Bonds”).

#### Authority and Purpose

The Successor Agency is issuing the Bonds pursuant to authority granted by section 34177.5(a)(1) of the Health & Safety Code of the State of California and Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the “Refunding Bond Law”), Resolution No. 2025-01 adopted by the Successor Agency on March 11, 2025, and an Indenture of Trust, dated as of June 1, 2025 (the “Indenture”) by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). See “THE BONDS—Authority for Issuance.”

The Successor Agency is issuing the Bonds to: (a) refund the Successor Agency’s Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of \$15,625,000 (the “2016 Bonds”), the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the “Former Agency”), (b) [purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the Bonds,] and (c) pay costs of issuance of the Bonds.

#### The City and the Successor Agency

*City.* The City of Hawthorne, California (the “City”) is a general law city located in Los Angeles County (the “County”). The City was incorporated in 1922 and encompasses six square miles. The City is located in the South Bay region of Los Angeles County, approximately three miles from the Pacific Ocean and 17 miles west of downtown Los Angeles, and five miles east of Los Angeles International Airport (LAX). The neighboring communities include Gardena, Lawndale and Redondo Beach. For certain information with respect to the City and the County, see APPENDIX F—CITY OF HAWTHORNE AND LOS ANGELES COUNTY SUPPLEMENTAL INFORMATION.

*Former Agency.* The Former Agency was a redevelopment agency activated in 1968 by ordinance of the City Council of the City with all of the powers vested in such organizations under the Community Redevelopment Law (which is referred to in this Official Statement as the “Redevelopment Law”). The City Council of the City was the governing board of the Former Agency.

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\* Preliminary, subject to change.

*Dissolution Act.* On June 29, 2011, Assembly Bill No. 26 (“AB 1X 26”) was enacted together with a companion bill, Assembly Bill No. 27 (“AB 1X 27”). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, California Redevelopment Association, et al., v. Matosantos, et al., 53 Cal. 4th 231 (2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2011, in its decision in that lawsuit, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

*Successor Agency.* Pursuant to section 34173 of the Dissolution Act, the City Council of the City adopted Resolution No. 7419 on January 10, 2012, pursuant to which the City made an election to serve as the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate legal entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

## **The Project Areas**

*Project Area No. 2.* The Former Agency’s Project Area No. 2 was established on November 26, 1984 by Ordinance No. 1330 of the City Council, as amended by Ordinance No. 1580 adopted on December 27, 1994 and by Ordinance No. 1639 adopted on August 11, 1997, and includes approximately 962 acres (the “Original Project Area No. 2”), consisting of commercial frontage along the City’s major arterial streets, including El Segundo Boulevard, Imperial Highway, Inglewood Avenue and Hawthorne Boulevard. On September 22, 2003, the City Council adopted Ordinance No. 1785 (the “Amending Ordinance”) annexing an additional 64 acres of land from which the Agency may derive tax increment revenues (the “Project Area No. 2 Annexation Area”) to the Original Project Area. The Project Area No. 2 Annexation Area includes property converted from a former airforce base to residential uses. The Original Project Area No. 2 and the Project Area No. 2 Annexation Area are collectively referred to herein as “Project Area No. 2.”

*Hawthorne Plaza Project.* In addition to Project Area No. 2, the Former Agency established an additional project area, the Hawthorne Plaza Project (the “Hawthorne Plaza Project Area”). The Hawthorne Plaza Project Area was established on June 9, 1969 by Ordinance No. 936 of the City Council, and includes approximately 34 acres encompassing the Hawthorne Plaza Shopping Center, a regional shopping center completed in 1977. Although the Redevelopment Plan for the Hawthorne Plaza Project Area expired on June 8, 1999, the Successor Agency continues to receive tax revenues from the Hawthorne Plaza Project Area to pay enforceable obligations, such as the Bonds, pursuant to the Dissolution Act.

See “THE PROJECT AREAS” herein for more information regarding the Original Project Area No. 2, the Project Area No. 2 Annexation Area and the Hawthorne Plaza Project Area (collectively, the “Project Areas”).

### **Tax Allocation Financing**

Prior to the enactment of AB 1X 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

### **Authority to Issue Refunding Bonds**

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller for the Successor Agency by the Dissolution Act (the “Redevelopment Property Tax Trust Fund”). Section 34177.5(a)(1) of the Dissolution Act authorizes the issuance of refunding bonds, to be secured by a pledge of moneys deposited from time to time in the applicable Redevelopment Property Tax Trust Fund to provide savings to the successor agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

### **Security for the Bonds**

The Bonds are limited obligations of the Successor Agency issued pursuant to Resolution No. 2025-01 adopted by the Successor Agency on March 11, 2025 and the Indenture. The Bonds are entitled to the benefits of the Indenture and are payable solely from and secured by Tax Revenues, moneys on deposit in the Debt Service Fund and the accounts therein, and the Reserve Account Insurance Policy held for the benefit of the Reserve Account. See “SECURITY FOR THE BONDS—Pledge Under the Indenture.”

The Dissolution Act requires the Los Angeles County Auditor-Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Former Agency from the Project Areas had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency. The Dissolution Act provides that any bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds or other indebtedness had been issued prior to the effective date of AB 1X 26, in full

conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the California State Constitution.

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

In accordance with the Dissolution Act, the term "Tax Revenues" is defined under the Indenture to mean all monies that are deposited from time to time into the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, and as provided in Section 34183(a)(2) of the Dissolution Act, for transfer to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding (a) Statutory Pass-Through Amounts, and (b) Negotiated Pass-Through Amounts to the extent not subordinated to the use of Tax Revenues to repay the Bonds. It is acknowledged that the Negotiated Pass-Through Amounts have been subordinated to the use of Tax Revenues to repay the Bonds issued on the Closing Date. As more fully described under "THE PROJECT AREAS—Pass-Through Obligations," the Successor Agency has taken all actions needed to subordinate the Negotiated Pass-Through Amounts to the payment of debt service on the Bonds.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Redevelopment Law, or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

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

### **Bond Insurance**

Concurrently with the issuance of the Bonds, the Bond Insurer will issue its Municipal Bond Insurance Policy to guarantee the scheduled payment of the principal of, and interest on, the Bonds when due. See "BOND INSURANCE."

### **Reserve Account**

A Reserve Account for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement of \$\_\_\_, which will be satisfied by the delivery of the Reserve Policy by the Bond Insurer. See “SECURITY FOR THE BONDS – Reserve Account”.

### **Limited Obligation**

The Bonds are limited obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from Tax Revenues and other funds pledged therefore under the Indenture. The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The Bonds, and the interest thereon are not payable out of any funds other than those pledged to the payment of the Bonds in the Indenture. No member of the Governing Board of the Successor Agency, officer, agent, or employee of the Successor Agency, or member of the Governing Board of the Oversight Board, or of the County Board of Supervisors, or any person executing the Bonds, is liable personally on the Bonds by reason of their issuance.

### **Parity Debt**

The Indenture permits the issuance of Parity Debt under certain circumstances, but only to refund the Bonds or to refund other existing Parity Debt. See “THE BONDS—Parity Debt.”

### **Professionals Involved in the Offering**

CSG Advisors Incorporated, San Francisco, California (the “Municipal Advisor”), has served as municipal advisor to the Successor Agency with respect to the Bonds. See “MUNICIPAL ADVISOR.” Payment of the fees and expenses of the Municipal Advisor is contingent upon the sale and delivery of the Bonds.

Harris & Associates, Irvine, California, has acted as fiscal consultant to the Successor Agency (the “Fiscal Consultant”) and advised the Successor Agency as to the taxable values and Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the “Fiscal Consultant Report.” See APPENDIX G—FISCAL CONSULTANT’S REPORT.

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee with respect to the Bonds and as Escrow Agent with respect to the refunding of the 2016 Bonds. Sufficiency of the deposits to defease the 2016 Bonds will be verified by Causey Public Finance, LLC, P.C., Denver, Colorado.

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Nossaman LLP, Los Angeles, California, Bond Counsel to the Successor Agency for the Bonds. Nossaman LLP is also acting as Disclosure Counsel to the Successor Agency for the Bonds. Robert Kim, Esq., the City Attorney, will render certain opinions on behalf of the Successor Agency as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock, LLP, Irvine, California, acting as Underwriter’s Counsel. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the sale and delivery of the Bonds.*

**Further Information**

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Bond Law, the Bonds, the Indenture, the Escrow Agreement (as defined below), the Successor Agency, the Former Agency, the County and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Bond Law, the Bonds, the Indenture, the Escrow Agreement, the Constitution and the laws of the State, as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form of the Bonds included in the Indenture and by the provisions of the Indenture.

During the period of the offering of the Bonds, copies of the forms of all documents described herein are available upon written request from the Finance Director, City of Hawthorne, 4455 West 126th Street, Hawthorne, CA 90250. The City may impose a charge for copying, mailing and handling.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds are summarized below.

<b>Sources:</b>	
Principal Amount of Bonds	\$
[Plus/Less]: Original Issue [Premium/Discount]	
Transfer from 2016 Bonds funds and accounts	_____
<b>Total Sources</b>	<b>\$</b> =====
 <b>Uses:</b>	
Escrow Fund Deposit <sup>(1)</sup>	\$
Costs of Issuance <sup>(2)</sup>	
<b>Total Uses</b>	<b>\$</b> =====

(1) See "REFUNDING PLAN".

(2) Costs of Issuance include the Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, the Trustee, Escrow Agent, Verification Agent, printing expenses, rating fees, the premiums for the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy and other costs related to the issuance of the Bonds.

In addition to the disposition of the funds described above, the Reserve Account Insurance Policy obtained with Bond proceeds will be held for the benefit of the Reserve Account. See "SECURITY FOR THE BONDS – Reserve Account."

**REFUNDING PLAN**

**Refunding of the 2016 Bonds**

The Successor Agency will apply a portion of the proceeds of the Bonds, together with other available amounts, to pay at maturity and refund on September 1, 2025, the Successor Agency's Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of \$15,625,000 (the "2016 Bonds"). On the date of issuance of the Bonds, a portion of the proceeds of the Bonds and other available funds of the Successor Agency will be transferred to U.S. Bank Trust Company,

cash and securities and applied by the Escrow Bank to the payment, redemption and defeasance of the 2016 Bonds. Amounts on deposit with the Escrow Bank are expected to be sufficient to make the payment of principal of and interest on the 2016 Bonds due on September 1, 2025, and to redeem the then outstanding 2016 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to such date.

The sufficiency of the deposits in the Escrow Fund to defease the 2016 Bonds will be verified by Causey Public Finance, LLC, P.C. (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." Assuming the accuracy of the Verification Agent's computations, the 2016 Bonds will be legally defeased on the date of issuance of the Bonds.

*The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency on the 2016 Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service on the Bonds.*

### DEBT SERVICE SCHEDULE

The following table shows the annual debt service schedule for the Bonds prior to their respective maturities.

<b>Bond Year Ending September 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Totals</b>	<b>\$</b>		

### THE BONDS

#### Authority for Issuance

The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2025-01, adopted on March 11, 2025 (the "Successor Agency Resolution"), and such issuance was approved by the Oversight Board pursuant to Resolution No. OB2025-1, adopted on March 17, 2025 (the "Oversight Board Resolution").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF on March 21, 2025. On May 16, 2025, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF.

Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of its oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedules and are not subject to further review and approval by the DOF or the California State Controller.

### **Description of the Bonds**

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof for each maturity, registered initially in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as registered owner of all of the Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the “Closing Date”) and will mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year, commencing on [March 1, 2026], by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the applicable Record Date. Record Date is defined in the Indenture as, with respect to any Interest Payment Date, the close of business on the fifteenth (15<sup>th</sup>) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15<sup>th</sup>) calendar day is a Business Day.

One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C—BOOK-ENTRY ONLY SYSTEM.

### **Redemption**

*No Optional Redemption.*<sup>6\*</sup> The Bonds are not subject to redemption prior to maturity.

### **Book-Entry System**

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

## **THE DISSOLUTION ACT**

The Dissolution Act requires that the County Auditor-Controller determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to

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\* Preliminary, subject to change.

the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

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

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

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Areas as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving the amendment to the Redevelopment Plan for Project Area No. 2 that added territory to Project Area No. 2, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special

fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

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

### **Recognized Obligation Payment Schedules**

*Submission of Annual Recognized Obligation Payment Schedule.* Commencing with the Recognized Obligation Payment Schedule covering the period from July 1, 2016, to June 30, 2017, inclusive, and for each period from July 1 to June 30, inclusive, thereafter, the Dissolution Act requires a Successor Agency to submit an oversight board-approved Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") to the DOF and to the County Auditor-Controller no later than February 1, 2016, and each February 1 thereafter, pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

*Payment of Amounts Listed on the Recognized Obligation Payment Schedule.* As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

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

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

*Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.* Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, and despite the provisions of the Dissolution Act which now provide for annual submissions by successor agencies of Recognized Obligation Payment Schedules (see discussion above under “Submission of Recognized Obligation Payment Schedules”), a county auditor-controller is to distribute funds for each six-month period in the following order specified in section 34183 of the Dissolution Act:

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

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

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

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

*Failure to Submit a Recognized Obligation Payment Schedule.* The Recognized Obligation Payment Schedule must be approved by the oversight board, and the oversight board-approved Recognized Obligation Payment Schedule must be submitted by a successor agency to the county auditor-controller and the DOF by February 1 of each year. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, if a successor agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the successor agency’s maximum administrative cost for the applicable period is reduced by twenty-five percent.

However, the Dissolution Act provides that, if a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the successor agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see “RISK FACTORS—Recognized Obligation Payment Schedule.”

## SECURITY FOR THE BONDS

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

### Pledge Under the Indenture

Except as described in “—Redevelopment Obligation Retirement Fund” below and as required to compensate or indemnify the Trustee, the Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund, and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds are also equally secured by the pledge and lien created with respect to the Bonds by section 34177.5(g) of the Dissolution Act on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. The Bonds (and not any Parity Debt) are also secured by an exclusive pledge of, security interest in, and lien on amounts in, as well as the Reserve Account Insurance Policy held for the benefit of, the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by purchasers of the Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

### Tax Revenues

“Tax Revenues” means all taxes annually allocated to the Successor Agency with respect to the Project Areas under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California (the “State”) and as provided in the Redevelopment Plans for the Project Areas, and that are deposited into the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, for transfer to the Successor Agency for deposit into the Successor Agency’s Redevelopment Obligation Retirement Fund established pursuant to section 34170.5 of the Dissolution Act, excluding: (a) Statutory Pass-Through Amounts, and (b) Negotiated Pass-Through Amounts to the extent not subordinated to the use of Tax Revenues to repay the Bonds. As more fully described under “THE PROJECT AREAS—Pass-Through Obligations,” the Successor Agency has taken all actions needed to subordinate the Negotiated Pass-Through Amounts to the payment of debt service on the Bonds.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Redevelopment Law, or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

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

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

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

#### **Flow of Funds Under the Indenture**

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

*Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund.* The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter the Successor Agency shall transfer amounts received therein to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund equal the aggregate amounts required by the Indenture to be deposited by the Trustee into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account of the Debt Service Fund in such Bond Year and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

*Deposit of Amounts by Trustee.* There is established by the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee under the Indenture in trust and the Indenture creates within the Debt Service Fund the Interest Account, the Principal Account, the Reserve Account and the Redemption Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts in the Debt Service Fund, and in the following order of priority:

*Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the fifth Business Day prior to \_\_\_\_\_ 1, 202\_\_\_, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the

Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable.

*Principal Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing September 1, [2026], to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

*Reserve Account.* The Reserve Account Requirement will be satisfied by the issuance of the Reserve Account Insurance Policy by the Bond Insurer and not by any deposit of cash in the Reserve Account. The Successor Agency has no obligation to replace the Reserve Account Insurance Policy or to fund the Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Account Insurance Policy.

In the event moneys on deposit in the Debt Service Fund on any Interest Payment Date are less than the full amount of the interest and principal payments required to be deposited by the Trustee in order to pay the scheduled debt service on the Bonds, the Trustee will draw on the Reserve Account Insurance Policy an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. The Reserve Account Insurance Policy can only be drawn upon to make payments on the Bonds (and not on any Parity Debt) in the event of a shortfall in amounts in the Debt Service Fund available to pay the scheduled debt service on the Bonds.

## **Reserve Account**

*Initial Deposit into the Reserve Account.* On the date of issuance of the Bonds, in lieu of a cash deposit to the Reserve Account, the Bond Insurer will issue the Reserve Account Insurance Policy, in an amount equal to the initial "Reserve Requirement" for the Bonds, being \$\_\_\_\_. The Reserve Account Insurance Policy can only be drawn upon to make payments on the Bonds (and not on any Parity Debt) in the event of a shortfall in amounts in the Debt Service Fund available to pay the scheduled debt service on the Bonds.

*Definition of Reserve Requirement.* The Indenture defines "Reserve Requirement" to mean, as of any date of calculation, an amount equal to the least of (a) Maximum Annual Debt Service on the Bonds for the then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service on the

Bonds for the then current and every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds.

*Relationship to Parity Debt.* The Reserve Account Insurance Policy, and any funds held in the Reserve Fund, will be held by the Trustee solely for the benefit of the Owners of the Bonds issued on the Closing Date, and such policy and any such funds will not be drawn upon to pay debt service on any Parity Debt.

### **Limited Obligation**

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

### **Recognized Obligation Payment Schedules**

*Dissolution Act Covenant by the Successor Agency.* The Successor Agency covenants in the Indenture that it will comply with all the applicable requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees in the Indenture to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

In the Indenture the Successor Agency covenants and agrees that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds (including any Parity Debt), as well as any amount required under this Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County's Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Redevelopment Obligation Retirement Fund on each January 2 and June 1 (each, an "RPTTF Distribution Date") amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and any Parity Bonds coming due in the respective ROPS Payment Period corresponding to such RPTTF Distribution Date pursuant to the Dissolution Act (including but not limited to Section 34177 therein).

Without limiting the generality of the foregoing, the Successor Agency additionally covenants and agrees that it will place on each periodic Recognized Obligation Payment Schedule for distribution to the Successor Agency on the January 2 RPTTF Distribution Date covered by such Recognized Obligation Payment Schedule and for approval by the Oversight Board and the State Department of Finance, amounts equal to the Annual Debt Service (including any amounts required to replenish the Reserve Account or to pay amounts due to the Bond Insurer in connection with its issuance of the Reserve Account Insurance Policy) coming due and payable on the Bonds (including any then outstanding Parity Debt) in the then current Bond Year that commenced on the September 2 immediately succeeding such January 2 (which includes the March 1 interest payment and the September 1 principal and interest payment on the Bonds, including any then outstanding Parity Debt for such Bond Year). The Successor Agency further covenants

and agrees that it will categorize and describe, as a separate line item, the portion of such Annual Debt Service that is due and payable on September 1 of such Bond Year on such Recognized Obligation Payment Schedule (and with respect to the January 2 RPTTF Distribution Date) as a “reserve” to be held by the Successor Agency until the ROPS Payment Period corresponding to the next RPTTF Distribution Date, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act. To the extent amounts actually allocated to the Successor Agency on any January 2 RPTTF Distribution Date are insufficient for the Annual Debt Service for the applicable Bond Year, the Successor Agency will place the amount of the insufficiency for funding from the Redevelopment Property Tax Trust Fund on the next Recognized Obligation Payment Schedule, relating to the succeeding June 1 RPTTF Distribution Date, for approval by the Oversight Board and the State Department of Finance.

In addition, the Successor Agency covenants that, if the amount of Tax Revenues expected to be available with respect to a ROPS Payment Period will be insufficient to pay required debt service on the Bonds and all other required amounts payable from the Redevelopment Obligation Retirement Fund during such ROPS Payment Period, it shall, on or before the May 1 or December 1, as applicable, preceding such ROPS Payment Period (or such other date as otherwise may be specified in the Dissolution Act), file a Notice of Insufficiency with the County Auditor-Controller in accordance with the Dissolution Act (including, but not limited to, paragraph (b) of Section 34183 therein).

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

*History of Submission of the Recognized Obligation Payment Schedules.* The Successor Agency has policies and procedures in place to ensure full and timely compliance with the above-described covenant. The Successor Agency has submitted its Recognized Obligation Payment Schedules on or before the statutory deadlines. See “RISK FACTORS—Recognized Obligation Payment Schedule” for a description of penalties that may apply if the Successor Agency does not timely file its annual Recognized Obligation Payment Schedule as required by the Dissolution Act.

*Last and Final ROPS.* The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS (or “Last and Final ROPS”) at any time on or after January 1, 2016, to the Oversight Board and the DOF for approval. In particular, successor agencies that have received a Finding of Completion and the concurrence of the California Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a Last and Final ROPS. Pursuant to the template provided by the DOF, the Successor Agency must list on the Last and Final ROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing a Last and Final ROPS, the Successor Agency must meet the following conditions:

- (i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,
- (ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and
- (iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review a Last and Final ROPS submitted for approval. If the DOF approves the Last and Final ROPS, the Last and Final ROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves a Last and Final ROPS, the Last and Final ROPS will become effective on the first day of the immediately next RPTTF Distribution Date (*i.e.*, the following January 1 or July 1, as applicable); provided that if Last and Final ROPS is approved less than 15 days before the next RPTTF Distribution Date (*i.e.*, the following January 2 or June 1), then the Last and Final ROPS will not become effective until the subsequent RPTTF Distribution Date. Upon the Last and Final ROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the Last and Final ROPS until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the Last and Final ROPS. Any revenues, interest and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved Last and Final ROPS and all proceeds from the disposition of real property subsequent to the approval of the Last and Final ROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the effective date of a DOF-approved Last and Final ROPS, resolutions adopted by the Oversight Board will become effective without additional submission to, and approval by, the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to the Last and Final ROPS or dissolution of the Successor Agency.

A Last and Final ROPS may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller. After the DOF's approval of the Last and Final ROPS, the Successor Agency may submit no more than two requests to amend the Last and Final ROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act.

The Successor Agency does not currently intend to submit a Last and Final ROPS. The Successor Agency has covenanted in the Indenture to obtain prior written consent of the Bond Insurer prior to filing a Last and Final ROPS. See "THE DISSOLUTION ACT – Recognized Obligations Payment Schedule" above.

### **County Administrative Fees**

Chapter 466, Statutes of 1990 (referred to as SB 2557), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to

be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund.

The County’s administrative charge to the Successor Agency for the last three fiscal years is shown below:

Fiscal Year	County Administrative Charge	County Administration as a Percent of Total Property Tax Revenues
2021-22	\$429,006	1.65%
2022-23	429,228	1.41
2023-24	453,516	1.55
	<b>Three Year Average</b>	<b>1.53%</b>

Source: Harris & Associates.

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

### Pass-Through Obligations

Under the Redevelopment Law, there are three types of pass-through obligations with respect to property tax distributions to affected taxing agencies: negotiated pass-throughs (former section 33401) for redevelopment project areas formed prior to January 1, 1994; inflationary pass-throughs (section 33676) also applicable to project areas formed prior to January 1, 1994; and statutory pass-throughs (sections 33607.5 and 33607.7) applicable to project areas formed on or after January 1, 1994, as well as project areas where certain amendments have been made to an applicable redevelopment plan. Original Project Area No. 2 was established pursuant to a pre-1994 redevelopment plan that pays negotiated pass-throughs to certain taxing entities as described below. In October 2003, the Redevelopment Plan for the Original Project Area No. 2 was amended to eliminate the time limit in which the Original Project Area No. 2 could incur debt, but that amendment triggered statutory payments to any taxing agencies that did not then have a negotiated pass-through agreement in place in respect of the Original Project Area No. 2.

*Negotiated Pass-Throughs.* The Former Agency entered into three negotiated pass-through agreements that provide for the sharing of property tax revenue from the Original Project Area No. 2. There are no negotiated pass-through agreements applicable to the Hawthorne Plaza Project Area or the Project Area No. 2 Annexation Area.

The negotiated pass-through agreements applicable to the Original Project Area No. 2 are as follows:

El Camino Community College District. On December 22, 1986, the El Camino Community College District and the Former Agency entered into a tax sharing agreement. Pursuant to such agreement, the El Camino Community College District is to receive 100% of its 1.57% share of the property tax levy in the Original Project Area No. 2.

Hawthorne School District. On January 27, 1986, the Hawthorne School District and the Former Agency entered into a tax sharing agreement. The agreement with the Hawthorne School District

requires that the full share (100%) of the Hawthorne School District's share of tax revenues from the Original Project Area No. 2 be passed through on an annual basis. Pursuant to such agreement, the Hawthorne School District's share of property tax collections from the Original Project Area No. 2 is 6.93%.

County of Los Angeles. In 1986, the County of Los Angeles ("County") and the Former Agency entered into a tax increment sharing agreement regarding revenues generated in the Original Project Area No. 2. It was agreed that the County would receive 55.4% of the property tax general levy. The Former Agency retained property tax allocations attributable to increases in tax revenue in the Original Project Area No. 2 arising from redevelopment activities of the Former Agency, and the Former Agency passed all other tax revenues from the Original Project Area No. 2 to the County. Pursuant to such agreement, the County's current share is [56.37%.] The County's share includes tax revenues for the County Consolidated Fire Protection District.

All three agreements discussed above include provisions to give the Successor Agency the right to issue bonds and pledge tax revenue on a basis senior to its obligations under the agreements, and the Successor Agency has taken all actions required to subordinate its obligations under the agreements to the payment of debt service on the Bonds.

*Statutory Taxing Agency Payments.* Pursuant to Section 33607.7 of the Redevelopment Law, certain redevelopment plan amendments trigger statutory pass-through payments to taxing entities with which a redevelopment agency did not have a pass-through agreement. Statutory pass-through payments are implemented in the following manner: in the year that the original time limit to incur debt is exceeded, section 33607.7 of the Redevelopment Law establishes an adjusted base year by which to calculate and apply the statutory pass-through payments. These statutory pass-through payments are based upon new incremental revenue, above that which was received in the year the old limit is exceeded ("Adjusted Base Year Revenue"). A redevelopment agency is required to begin to make statutory pass-through payments in the first year following the year in which the time limit to incur debt is exceeded.

The Former Agency eliminated the time period to incur debt on October 13, 2003 for the Original Project Area No. 2 by adopting Ordinance No. 1789. Because of that action, the Original Project Area No. 2 is subject to the payment of statutory pass-throughs when the Original Project Area No. 2 exceeds the original time limit to incur debt that was in the Redevelopment Plan for the Original Project Area No. 2 (November, 26, 2004). The amount of statutory pass-through payments is a portion of the Successor Agency's property tax revenue from the Original Project Area No. 2 (net of housing set-aside) based on a series of adjusted base year assessed valuations. The first adjusted base year assessed valuation is the assessed valuation as it existed when the time limit to incur debt expired; in this case, the 2004-05 fiscal year.

The Fiscal Consultant has advised that the calculations are as follows:

(a) The taxing agency's respective share of 25%, after deduction of the 20% former Housing Fund set-aside, of the tax increment received based on the difference between the assessed valuation in such year compared to the first adjusted base year assessed valuation; plus

(b) Starting in the 11th year of payments, the payment is equal to the amount calculated pursuant to (a) above plus the taxing agency's respective share of 21% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference

between assessed valuation in such year compared to a second adjusted based year assessed valuation which is the assessed valuation as of Year 10; plus

(c) Starting in the 31st year of payments, the payment is equal to amounts calculated pursuant to (a) and (b) above, plus the taxing agency's respective share of 14% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference between assessed valuation in such year compared to a third adjusted based year assessed valuation which is the assessed valuation as of Year 30.

The collective total of the tax rate for those taxing agencies that did not have an existing tax sharing agreement in place prior to the amendment to the Redevelopment Plan for the Original Project Area No. 2 represent 55.1% of the 1% general levy for the Original Project Area No. 2 (based on 2024-25 tax rate allocations).

### **Successor Agency Subordinate Obligations**

On September 13, 1999, the Former Agency entered into a Disposition and Development Agreement with VHB Associates, Inc., AutoNation USA Corporation, Costco Wholesale Corporation and Roseway Partners, Ltd. pursuant to which the Former Agency agreed, among other provisions, to use tax increment revenues arising from certain properties in the Original Project Area No. 2 to make payments on a note of the Successor Agency. On July 23, 2001, the Former Agency entered into an Agreement to be Recorded Affecting Real Property with Oceangate Properties, Inc. ("Oceangate") pursuant to which the Former Agency agreed, among other provisions, to pay to Oceangate tax increment revenues arising from certain other properties in the Original Project Area No. 2. The Successor Agency has taken all actions required under the two agreements to subordinate its obligations to use tax increment revenues to make payments thereunder to its obligation to use Tax Revenues to pay the debt service on the Bonds.

### **Parity Debt**

"Parity Debt" means any loans, advances or indebtedness issued or incurred by the Successor Agency and payable from Tax Revenues on a parity with the Bonds, as authorized by the Indenture. The Indenture permits the issuance of Parity Debt only to refund the Bonds and/or any existing Parity Debt. With respect to any such Parity Debt, among other requirements set forth in the Indenture, the Successor Agency is required to deliver a certificate or opinion of an Independent Financial Consultant stating that the total net interest cost to maturity of the Parity Debt plus the principal amount of the Parity Debt will not exceed the total net interest cost to maturity of the Bonds or previously issued Parity Debt to be refunded plus the principal amount of the Bonds or previously issued Parity Debt to be refunded. See APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

## **MUNICIPAL BOND INSURANCE**

[TO COME]

## **PROPERTY TAXATION IN CALIFORNIA**

### **Property Tax Collection Procedures**

*Classification.* In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll

maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

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

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

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

*Delinquencies.* The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property due on November 1 and February 1 become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due January 1 and become delinquent August 31.

*Supplemental Assessments.* California Revenue and Taxation Code section 75.70 provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and

taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. If a change in ownership results in a decrease in assessed value, a negative supplemental assessment may occur, requiring a refund of taxes paid to the property owner. To the extent such supplemental assessments occur within the Project Areas, tax increment may increase or decrease. Revenues resulting from Supplemental Assessments have not been included in the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds.

*County Property Tax Collection and Administrative Costs.* In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the costs of administering the provisions of the Dissolution Act. For fiscal year 2023-24, the County charges were 1.55% of gross tax increment within the Project Areas. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds, the Fiscal Consultant assumed that the County will charge the Successor Agency for property tax collection and administration at the percentage rate of 1.53%, which is the average rate for the three most recent fiscal years. Such administrative costs are deducted from property tax revenues before moneys are deposited into the RPTTF to pay debt service on the Bonds.

### **No Teeter Plan**

The County has not adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Consequently, collections of property tax revenues from the Project Areas will reflect actual delinquencies, adjustment for delinquencies, redemption payments or roll adjustments. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues, although the Tax Revenues provide substantial debt service coverage on the Bonds. See "- Projected Available Net Tax Increment and Estimated Debt Service Coverage" below. According to the Fiscal Consultant's report, delinquencies have had a negligible impact on collection of Tax Revenues for the last ten fiscal years. See "APPENDIX G – FISCAL CONSULTANT'S REPORT = Delinquency Rates".

### **Unitary Property**

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

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

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a project area. Consequently, the base year values of project areas are reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated a total of \$233,945 of unitary tax revenue to the Project Areas for fiscal year 2024-25 (the latest year for which relevant data was available to the Fiscal Consultant). For purposes of the Fiscal Consultant's projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant assumed that the amount of unitary revenue allocated for fiscal year 2024-25 will continue to be allocated to the Project Areas in the same amount for the life of the projection.

### **Article XIII A of the State Constitution**

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

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

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

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

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

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

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

Each year the Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2024-25 there have been several occasions when the inflation factor was less than 2%. The table below reflects the inflation adjustment factors for the prior 10 fiscal years.

Historical Inflation Adjustment Factors	
Fiscal Year	Inflation Adjustment Factor
2015-16	2.00%
2016-17	1.53
2017-18	2.00
2018-19	2.00
2019-20	2.00
2020-21	2.00
2021-22	1.04
2022-23	2.00
2023-24	2.00
2024-25	2.00

For purposes of the Fiscal Consultant’s projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant has assumed no growth in secured and unsecured assessed values over those for fiscal year 2024-25.

**Appropriations Limitation—Article XIII B**

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body

within the meaning or for the purpose of the Constitution and laws of the State, including section 33678 of the Redevelopment Law. The constitutionality of section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

### **Proposition 87**

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

### **Appeals of Assessed Values**

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

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See "THE PROJECT AREAS—Assessment Appeals" for information regarding historical and pending appeals of assessed valuations by property owners in the Project Areas.

### **Proposition 8**

Proposition 8, approved in 1978 (California Revenue and Taxation Code section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value

compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

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

For a summary of the recent history of Proposition 8 reductions in the Project Areas, see "THE PROJECT AREAS—Assessment Appeals."

### **Propositions 218 and 26**

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution.

Tax Revenues securing the Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

**THE SUCCESSOR AGENCY TO THE COMMUNITY  
REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE**

As described under the heading “INTRODUCTION—The City and the Successor Agency,” the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

**Successor Agency Powers**

All powers of the Successor Agency are vested in its five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

**Status of Compliance with Dissolution Act**

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency’s low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion from the DOF on April 26, 2013.

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

The Successor Agency submitted its Long Range Property Management Plan to the DOF on September 27, 2013, and a revised Long Range Property Management Plan was submitted on October 3, 2014. The DOF approved the Successor Agency’s Long Range Property Management Plan on November 25, 2014.

## THE PROJECT AREAS

### General

The City Council of the City established two redevelopment project areas under the Redevelopment Law. The Former Agency's Project Area No. 2 was established on November 26, 1984 by Ordinance No. 1330 of the City Council, and includes approximately 962 acres (the "Original Project Area No. 2"), consisting of commercial frontage along the City's major arterial streets, including El Segundo Boulevard, Imperial Highway, Inglewood Avenue and Hawthorne Boulevard. On September 22, 2003, the City Council adopted Ordinance No. 1785 (the "Amending Ordinance") annexing an additional 64 acres of land from which the Agency may derive tax increment revenues (the "Project Area No. 2 Annexation Area") to the Original Project Area. The Project Area No. 2 Annexation Area includes property converted from a former airforce base to residential uses. The Amending Ordinance also added other territory to the Original Project Area No. 2, but that property remains within the jurisdiction of an adjacent City, so that the Successor Agency does not derive any property tax revenues from that property.

In addition to Project Area No. 2, the Former Agency established an additional project area, the Hawthorne Plaza Project (the "Hawthorne Plaza Project Area"). The Hawthorne Plaza Project Area was established on June 9, 1969 by Ordinance No. 936 of the City Council, and includes approximately 34 acres encompassing the Hawthorne Plaza Shopping Center, a regional shopping center completed in 1977. Although the Redevelopment Plan for the Hawthorne Plaza Project Area expired on June 8, 1999, the Successor Agency continues to receive tax revenues from the Hawthorne Plaza Project Area to pay enforceable obligations, pursuant to the Dissolution Act.

### Plan Limits No Longer Applicable

The former Redevelopment Law required redevelopment agencies to include certain time and financial limits in their redevelopment plans for redevelopment project areas. However, recent amendments to the Dissolution Act eliminated the provisions of the former Redevelopment Law that required any such time and financial limits. Accordingly, the limitations in the redevelopment plans for the Project Areas no longer apply to the payment of enforceable obligations of the Successor Agency, including the Bonds and any Parity Debt.

## Land Use

The following table provides a summary of the distribution of parcels in the Project Areas by type of land use.

**TABLE 1**  
**Secured Assessed Valuation by Land Use**  
**(All Project Areas)**  
**(Fiscal Year 2024-25)**

Land Use	Number of Parcels <sup>(1)</sup>	% of Total Parcels	Fiscal Year 2024-25 Secured Assessed Value <sup>(2)</sup>	% of Total Project Area Fiscal Year 2024-25 Secured Assessed Value
Commercial	711	28.6%	\$1,349,573,062	48.5%
Residential	1,366	55.0	1,059,930,322	38.1
Industrial	157	6.3	266,461,827	9.6
Total Vacant	210	8.5	44,707,514	1.6
<i>Vacant Commercial</i>	157	6.3	21,406,096	0.8
<i>Vacant Residential</i>	13	0.5	6,791,857	0.2
<i>Vacant Industrial</i>	38	1.5	13,721,791	0.5
<i>Vacant Agricultural</i>	2	0.1	2,787,770	0.1
Institutional	9	0.4	28,714,027	1.0
Recreational	24	1.0	32,983,126	1.2
Unknown <sup>(3)</sup>	6	0.2	2,220,957	0.1
Total	<b>2,483</b>	<b>100.0%</b>	<b>\$2,784,590,835</b>	<b>100.0%</b>

1 This analysis excludes non-taxable government-owned parcels and parcels used for railways and utilities.

2 The assessed valuation amounts provided are (a) net of all exemptions except homeowners' exemptions, and (b) based on the Assessor's fiscal year 2024-25 secured assessment roll. The sum of the gross secured assessed valuation for each parcel record in the fiscal year 2024-25 secured assessment roll is less than the gross secured assessed valuation in the project area as reported by the Auditor-Controller. This discrepancy is due to taxable possessory interest (which occurs when a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use), public utility value, lifts/fixtures value and business late filing penalties, and mobile (manufactured) homes value, all of which is excluded from the secured assessment roll but included in the Auditor-Controller's reported secured assessed valuation.

3 The "zoning code" and "use code" columns in the Assessor's fiscal year 2024-25 secured assessment roll are blank for these parcel.

Source: County of Los Angeles 2024-25 Secured Assessment Roll, as reported by the Fiscal Consultant.

For further information about the distribution of land uses in each of the Original Project Area No. 2, the Project Area No. 2 Annexation Area and the Hawthorne Plaza Project Area, see APPENDIX G—FISCAL CONSULTANT'S REPORT.

## Tax Rate

The tax rates which are applied to taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A of the California Constitution. Prior to dissolution, the Former Agency's tax rate included the basic one percent levy and certain debt service override levies approved by voters. Commencing with dissolution, the County Auditor-Controller ceased allocating override levies to the Successor Agency's

Redevelopment Property Tax Trust Fund based on section 38183(a)(1) of the Dissolution Act. Accordingly, a one percent levy is applied in the Fiscal Consultant’s tax revenue projections in its report in Appendix G.

**Historical Assessed Values and Tax Revenues**

The table below shows the fiscal year 2024-25 assessed value by project area broken down by secured (local secured and public utility) and unsecured value. Project Area No. 2 has the greatest assessed value at approximately \$2.47 billion. Project Area No. 2 Annexation Area has more than \$673 million in assessed value. The Hawthorne Plaza Area has more than \$127 million in assessed value. Combined, the total assessed value of the Redevelopment Project Areas is approximately \$3.27 billion, a 4.1% increase over the previous year.

**TABLE 2  
Assessed Values By Project Area  
Fiscal Year 2024-25**

	<u>Hawthorne Plaza Area</u>	<u>Project Area No. 2 Original Area</u>	<u>Project Area No. 2 Annexation Area</u>	<u>All Project Areas</u>
Secured <sup>(1)</sup>	\$123,567,821	\$2,131,790,372	\$532,848,635	\$2,788,206,828
Local Secured	123,567,821	2,131,556,429	532,848,635	2,787,972,885
Public Utility	--	233,943	--	233,943
Unsecured	<u>3,779,307</u>	<u>336,276,743</u>	<u>141,007,430</u>	<u>481,063,480</u>
<b>Total Assessed Value</b>	<b><u>\$127,347,128</u></b>	<b><u>\$2,468,067,115</u></b>	<b><u>\$673,856,065</u></b>	<b><u>\$3,269,270,308</u></b>

(1) Secured values are net of non-homeowner exemption.  
Source: Harris & Associates, based on Los Angeles County Auditor Controller information.

The following table sets forth the assessed value and tax revenues history for all the Project Areas.

**TABLE 3**  
**Historical Assessed Values and Tax Revenues**  
**Fiscal Years 2020-21 through 2024-25**  
**All Project Areas**

	<u>Fiscal Year</u> <u>2020-21</u>	<u>Percent</u> <u>Change</u>	<u>Fiscal Year</u> <u>2021-22</u>	<u>Percent</u> <u>Change</u>	<u>Fiscal Year</u> <u>2022-23</u>	<u>Percent</u> <u>Change</u>	<u>Fiscal Year</u> <u>2023-24</u>	<u>Percent</u> <u>Change</u>	<u>Fiscal Year</u> <u>2024-25</u>	<u>Percent</u> <u>Change</u>	<u>% Change</u> <u>from fiscal</u> <u>year 2020-21</u>
Secured <sup>(1)</sup>	\$2,331,884,426		\$2,448,150,575		\$2,483,127,545		\$2,663,987,485		\$2,787,972,885		
Public Utility	281,807		281,807		281,807		289,000		233,943		
Unsecured	423,148,408		329,670,638		420,560,369		477,271,162		481,063,480		
<b>Total Assessed Value</b>	<b>\$2,755,314,641</b>	10.9%	<b>2,778,103,020</b>	0.8%	<b>2,903,969,721</b>	4.5%	<b>3,141,547,647</b>	8.2%	<b>3,269,270,308</b>	4.1%	19.0%
Less: Base Year	<u>(357,797,988)</u>		<u>(357,440,184)</u>		<u>(357,768,921)</u>		<u>(357,768,921)</u>		<u>(365,769,515)</u>		
<b>Incremental Assessed Value</b>	<b><u>\$2,397,516,653</u></b>	12.8%	<b><u>\$2,420,662,836</u></b>	1.0%	<b><u>\$2,546,200,800</u></b>	5.2%	<b><u>\$2,783,778,726</u></b>	9.3%	<b><u>\$2,903,500,793</u></b>	4.3%	21.0%
Tax Levy Rate	1.00%		1.00%		1.00%		1.00%		1.00%		
<b>Gross Estimated Revenue<sup>(2)</sup></b>	<b>\$23,975,167</b>		<b>\$24,206,628</b>		<b>\$25,462,008</b>		<b>\$ 27,837,787</b>		<b>\$29,035,008</b>		
<b>Gross Actual Revenue<sup>(3)</sup></b>	<b>\$25,528,865</b>	18.8%	<b>\$26,050,191</b>	2.0%	<b>\$30,396,867</b>	16.7%	<b>\$ 29,224,616</b>	-3.9%	<b>N/A<sup>(4)</sup></b>	N/A	14.0% <sup>(5)</sup>
Actual Revenue as a Percentage of Estimated Revenue	<b>106%</b>		<b>108%</b>		<b>119%</b>		<b>105%</b>		<b>N/A</b>		

(1) Secured values are net of non-homeowner exemptions.

(2) Inclusive of County administration fees and senior pass-through payments.

(3) Includes unitary property tax revenue, prior year collections, supplemental revenue, and miscellaneous corrections and adjustments.

(4) Actual Gross Revenue for 2024-25 will not be available until the end of the fiscal year.

(5) Percent change from fiscal year 2020-21 through 2023-24

Source: Los Angeles County Auditor/Controller, as reported by the Fiscal Consultant

## Largest Taxpayers

The ten largest taxpayers in the Project Areas according to the fiscal year 2024-25 assessed valuations are shown below.

**TABLE 4**  
**Ten Largest Property Taxpayers**  
**Fiscal Year 2024-25**  
**(All Project Areas)**

Taxpayer	Number of Parcels	Project Area(s)	Land Use(s)	Fiscal Year 2024-25 Secured Assessed Value <sup>(6)</sup>	Fiscal Year 2024-25 Unsecured Assessed Value	Fiscal Year 2024-25 Total Assessed Value	Percent of Total Project Areas fiscal year 2024-25 Assessed Value
Northrop Grumman Systems Corporation	6	Original, Amended	Unsecured	--	\$149,169,204	\$149,169,204	4.6%
Mogul Hospitality Partners <sup>(1)</sup>	2	Original	Commercial	\$94,337,799	--	94,337,799	2.9
Ashford Hawthorne LP <sup>(2)</sup>	4	Original	Commercial and Unsecured	69,669,165	1,215,512	70,884,677	2.2
15000 Aviation Ventures, LLC	1	Original	Commercial	60,150,535	--	60,150,535	1.8
AK Hawthorne LLC <sup>(3)</sup>	2	Plaza	Commercial	50,859,446	--	50,859,446	1.6
Oceangate Property, LLC <sup>(4)</sup>	7	Original	Commercial	48,368,260	--	48,368,260	1.5
M and A Gabaee, LP	15	Plaza	Commercial	43,221,899	--	43,221,899	1.3
Konami Digital Entertainment Inc.	3	Original	Commercial and Unsecured	39,261,893	3,309,863	42,571,756	1.3
Costco Wholesale Corporation	3	Original	Commercial	40,833,049	--	40,833,049	1.2
Falcon Landing, LLC <sup>(5)</sup>	2	Original	Unsecured	--	37,813,370	37,813,370	1.2
<b>Top Ten Subtotal</b>	<b>45</b>			<b>\$446,702,046</b>	<b>\$ 191,507,949</b>	<b>\$638,209,995</b>	<b>19.5%</b>
<b>Total Assessed Value in Project Areas</b>						<b>\$3,269,270,308</b>	

(1) For Fiscal Year 2022-23, Mogul Hospitality Partners has a pending appeal for one of two owned parcels to request a reduction of approximately \$14 million, equal to 17% of the total assessed valuation of \$84 million for the property.

(2) Also listed on the County Assessor's Rolls as Ashford Manhattan Beach LP. For Fiscal Year 2019-20, Ashford Hawthorne LP filed an appeal for one of its four parcels to request an assessment value reduction of approximately \$15 million. This represents approximately 50% of the \$31 million total assessed valuation of the property. Between FY 2020-21 and FY 2023-24, Ashford Hawthorne LP filed appeals to request reductions for the same two of four parcels owned. During this period, requested reductions between the two parcels (approximately \$32-34 million) were 50% of the total assessed valuations of the properties (approximately \$64-66 million).

(3) AK Hawthorne, LLC has pending appeals for all its parcels (two properties) in the Hawthorne Plaza Project Area to request a reduction of approximately \$20 million for fiscal year 2023-24, which is equal to 41% of the total assessed valuation of approximately \$49 million of the properties.

(4) Also listed on the County Assessor's Rolls as Oceangate Property Two LLC.

(5) The City's Audited Comprehensive Financial Report for Fiscal Year 2023-24 states that Falcon Landing has pending appeals. However, a historical assessment appeals filed from Fiscal Years 2019-20 through 2023-24 show no appeals were filed by Falcon Landing within the Project Areas.

(6) The assessed valuation amounts provided are (a) net of all exemptions except homeowners' exemptions, and (b) based on the Assessor's fiscal year 2024-25 secured and unsecured assessment roll. The sum of the gross secured assessed valuation for each parcel record in the fiscal year 2024-25 secured assessment roll is less than the gross secured assessed valuation in the project areas as reported by the Auditor-Controller. This discrepancy is due to taxable possessory interest (which occurs when a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use), public utility value, lifts/fixtures value and business late filing penalties, and mobile (manufactured) homes value, all of which are excluded from the secured assessment roll but included in the Auditor-Controller's reported secured assessed valuation.

Source: County of Los Angeles 2024-25 Secured and Unsecured Assessment Rolls, as reported by the Fiscal Consultant.

In fiscal year 2024-25, Northrup Grumman was the largest property taxpayer in the Project Areas based on its unsecured assessed value. Below is a table showing Northrup Grumman’s unsecured assessed value for the latest eight fiscal years and the percent change from year to year.

**Northrup Grumman  
Assessed Valuation**

Fiscal Year	Unsecured Assessed Value <sup>(1)</sup>	Percent Change
2017-18	\$134,685,199	-7.54%
2018-19	122,643,926	-8.94
2019-20	137,600,392	12.20
2020-21	148,131,457	7.65
2021-22	140,087,746	-5.43
2022-23	136,591,760	-2.50
2023-24	142,274,654	4.16
2024-25	149,169,204	4.85

<sup>(1)</sup> Based on items such as business fixtures, business furniture, and business equipment and machinery.  
Source: Harris & Associates

**Assessment Appeals**

There are two types of appeals of assessed values that can have the effect of reducing the tax revenues allocated to a redevelopment agency, Proposition 8 appeals that allow for a temporary reduction in assessed values, and assessment appeals by individual property owners who believe that their taxable valuation on the County Assessor’s records is above the market value of their property.

*Proposition 8 Appeals.* California Proposition 8 was a constitutional amendment to Proposition 13 that allows a temporary reduction in assessed valuation when a property suffers a decline in value. Proposition 8 requires the Assessor to enroll the lower of either: (a) the taxable value (market value of the property when it was acquired, plus a consumer price index adjustment of up to 2% per year and the value of any new construction); or (b) the market value as of the annual January 1st lien date. Reductions in assessed valuation under Proposition 8 are temporary and are reviewed annually until the Proposition 13 base year value is again lower than market value, at which point the Proposition 13 base year value is reinstated. Because Proposition 8 appeals do not have a sustaining effect on future tax rolls, and because of the estimated minimal impacts of pending appeals based on historical appeal adjustments, the assessed values used to generate tax revenue in the revenue projections are not adjusted for pending Proposition 8 appeals.

*Assessment Appeals.* The County Clerk of the Appeals Board for the County maintains records regarding “Decline-in-Value” applications filed by property owners who believe that their taxable valuation is above market valuation. The table below provides details regarding the Decline-in-Value applications that were filed for the last five tax years. As shown in Table 5 below, of the 290 settled appeals in all of the Project Areas between fiscal year 2019-20 and fiscal year 2023-24, 197 of the settled appeals were withdrawn or denied, and 93 of the settled appeals resulted in a stipulation or reduction in an amount equal to approximately \$127,296,868 over the five-year review period. As of May 1, 2025, 69 appeals are still pending and could result in a total reduction of approximately \$314,105,055 in assessed value across all of the Project Areas if 100% of these 69 applicants are granted the requested reductions. If 100% of the reduction requests were granted across all of the Project Areas over the last five years, this could result in a reduction of \$828,200,710 in assessed value. However, of the total requested reductions in assessment appeals over the past five years, 32.1% of the requested reductions were granted. See “APPENDIX G—FISCAL CONSULTANT’S REPORT”.

**TABLE 5**  
**Five Year Assessment Appeals History**  
**(All Project Areas)**

Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	5-Year Total <sup>(1)</sup>
Project Area Total Assessed Value	\$2,484,719,827	\$2,755,314,641	\$2,778,103,020	\$2,903,969,721	\$3,141,547,647	N/A
<b>All Appeals</b>						
Total Number of Appeals <sup>(2)</sup>	53	90	96	53	67	359
Total Requested Reduction of All Appeals	\$49,994,739	\$254,590,587	\$185,867,045	\$148,155,356	\$189,592,983	\$828,200,710
Number of Withdrawn / Denied Appeals	31	54	71	24	17	197
Number of Stipulated (Successful) Appeals	20	27	17	16	13	93
Total Number of Finalized Appeals	51	81	88	40	30	290
Number of Appeals Pending Decisions	2	9	8	13	37	69
Rate of Successful Appeals <sup>(3)</sup>	39.2%	33.3%	19.3%	40.0%	43.3%	32.1%
Total Assessed Value of Finalized Appeals	\$1,042,203,087	\$95,399,559	\$393,004,346	\$292,867,232	\$143,032,519	\$1,966,506,743
<b>Granted Reductions</b>						
Requested Reduction Amount	\$6,208,134	\$155,912,678	\$7,733,748	\$3,161,393	\$23,020,121	\$196,036,074
Granted Reduction Amount	\$3,352,826	\$116,614,930	\$3,228,888	\$1,001,167	\$3,099,057	\$127,296,868
Total Granted Reduction Amount versus Requested Reduction Amount <sup>(4)</sup>	6.7%	45.8%	1.7%	0.7%	1.6%	15.4%
Granted Reduction as a Percentage of Total Assessed Value <sup>(5)</sup>	0.1%	4.2%	0.1%	0.0%	0.1%	N/A
Granted Reduction as a Percentage of Total Assessed Value of Finalized Appeals <sup>(6)</sup>	0.3%	122.2%	0.8%	0.3%	2.2%	N/A
<b>Appeals Pending Decision</b>						
Total Assessed Value of Pending Appeals	\$32,686,107	\$119,161,968	\$128,465,927	\$209,569,227	\$237,434,435	\$727,317,664
Requested Reduction Amount	\$16,343,052	\$46,762,696	\$51,947,210	\$72,816,432	\$126,235,665	\$314,105,055
Requested Reduction as a Percent of Total Assessed Value <sup>(7)</sup>	0.7%	1.7%	1.9%	2.5%	4.0%	N/A

(1) The 5-year total represents the five most recently completed fiscal years, Fiscal Year 2019-20 to 2023-24.

(2) Total appeals filed from 2019 through 2024. Appeals where the applicant requested a higher value than the current assessed value were excluded because of potential flaws in the data.

(3) The number of stipulated appeals versus the total number of finalized appeals.

(4) The total value of all granted reductions versus the total value of all requested reductions, regardless of decision status.

(5) The granted reduction amount versus the total Project Area assessed value.

(6) The granted reduction amount versus the total assessed value for finalized appeals.

(7) The pending requested reduction amount versus the total project area assessed value.

Sources: County of Los Angeles Assessment Appeals Board's appeals database, County of Los Angeles Auditor-Controller Assessed Valuation Reports, as reported by the Fiscal Consultant.

**PROJECTED AVAILABLE TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE**

The table below shows projected net Tax Revenues from the Project Areas, assumes 0% growth in assessed value from fiscal year 2024-25 and projected debt service on the Bonds.

**TABLE 6  
Projection of Tax Revenues and Debt Service Coverage  
All Project Areas**

	<u>HAWTHORNE PLAZA AREA</u>	<u>ORIGINAL PROJECT AREA NO. 2</u>	<u>PROJECT AREA NO. 2 ANNEXATION AREA</u>	<u>TOTAL PROJECT AREAS</u>		
<u>Fiscal Years</u>	<u>Total Net Tax Revenue<sup>(1)</sup></u>	<u>Total Net Tax Revenue<sup>(1)</sup></u>	<u>Total Net Tax Revenue<sup>(1)</sup></u>	<u>Total Net Tax Revenues<sup>(1)</sup></u>	<u>Bonds Debt Service<sup>*(2)</sup></u>	<u>Bonds Debt Service Coverage*</u>
2025-26	\$1,134,495	\$18,412,270	\$4,470,234	\$24,017,000	\$1,633,567	14.70x
2026-27	1,134,495	18,412,270	4,470,234	24,017,000	1,636,000	14.68
2027-28	1,134,495	18,412,270	4,470,234	24,017,000	1,630,750	14.73
2028-29	1,134,495	18,412,270	4,470,234	24,017,000	1,628,250	14.75
2029-30	1,134,495	18,412,270	4,470,234	24,017,000	1,638,250	14.66
2030-31	1,134,495	18,412,270	4,470,234	24,017,000	1,635,000	14.69
2031-32	1,134,495	18,412,270	4,470,234	24,017,000	1,639,000	14.65
2032-33	1,134,495	18,412,270	4,470,234	24,017,000	1,634,750	14.69
2033-34	1,134,495	18,412,270	4,470,234	24,017,000	1,637,500	14.67
2034-35	1,134,495	18,412,270	4,470,234	24,017,000	1,631,750	14.72
2035-36	1,134,495	18,412,270	4,470,234	24,017,000	1,632,750	14.71

\* Preliminary, subject to change.

- (1) Net tax revenue is estimated as 1% of incremental value (the difference between the current year assessed valuation and the base year assessed valuation) less County administrative fees and senior pass throughs, if any. Net tax revenue is projected with zero growth in assessed valuation from Fiscal Year 2024-25.
- (2) Payments are due biannually. Payments are attributed to the fiscal year in which the revenue is generated to make the payment, not the fiscal year in which the payment is due. For example, the September 1, 2026 payment on the Refunding Bonds will be made during Fiscal Year 2026-27, however, due to the Recognized Obligation Payment Schedule and Redevelopment Property Tax Trust Fund distribution schedule, revenue collected during Fiscal Year 2025-26 will be used to make the payment.

Source: Harris & Associates, based on information provided by Auditor-Controller, and the Underwriter.

**RISK FACTORS**

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

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. For each annual period of July 1 through June 30, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations. Pursuant to section 34177 of the Dissolution Act, no later than February 1, 2016 and each February 1 thereafter, the Successor Agency must submit to the county auditor-controller and DOF, an oversight board-approved Recognized Obligation Payment Schedule. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedule." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to an Annual Period the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules" and "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

If a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act provides that county auditor-controller shall distribute withheld funds to a successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the DOF.

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

The Dissolution Act imposes certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule. Specifically, an overnight board-approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, with respect to each subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadline, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline.

### **Challenges to Dissolution Act**

Several successor agencies, cities and other entities filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf

and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation.

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

### **Reduction in Taxable Value**

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

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

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could

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

### **Risks to Real Estate Market**

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Areas. The general economy of the Project Areas will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of any of the Project Areas, the owners of property within those areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Areas. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE" for a description of the debt service coverage on the Bonds.

### **Concentration of Property Ownership**

Based on fiscal year 2024-25 locally assessed taxable valuations, the top ten taxable property owners in the Project Areas represent approximately 19.5% of the total fiscal year 2024-25 assessed value of all of the property in the Project Areas. Some of these property owners have pending assessed value appeals with respect to their property. See "THE PROJECT AREAS- Largest Taxpayers." Although the bankruptcy, termination of operations, or departure from the Project Areas by any of the largest property owners could reduce the amount of Tax Revenues, the Successor Agency believes such an event will not adversely affect its ability to pay debt service on the Bonds due to the debt service coverage provided by fiscal year 2024-25 available tax increment. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE".

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, but cannot exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors. Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Revenues. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%.

Since Article XIII A was approved, there have been several instances in which the annual adjustment for inflation has resulted in less than a 2% increase in assessed values. For example, in fiscal year 2010-11, the inflationary value adjustment was negative at -0.237% which resulted in a 0.24% decrease in assessed values. Most recently, for fiscal year 2021-22 the inflationary value adjustment was 1.036% resulting in a 1.04% increase in assessed value. However, for the fiscal years 2022-23 through 2025-26, assessed values have increased by 2.00%, which is the maximum permissible increase under Article XIII A.

The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

### **Assessment Appeals**

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. See "APPENDIX G— FISCAL CONSULTANT'S REPORT— Assessment Appeals" and "THE PROJECT AREAS – Assessment Appeals".

### **Levy and Collection of Taxes**

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2024-25 net tax increment. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE" for a description of the debt service coverage on the Bonds.

In response to certain events, the State of California has previously acted to provide temporary relief to property taxpayers. For example, on May 6, 2020, California Governor Gavin Newsom signed an executive order that extended the April 10 property tax payment and May 7 business property statement filing deadlines, to provide relief for taxpayers suffering financial hardship due to COVID-19. In addition, on January 16, 2025, Governor Gavin Newsom signed an executive order that canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades Fires during calendar year 2025, which does not include the City of Hawthorne. No such actions have impacted or are expected to impact the Successor Agency in the timely payment of its obligations, including the Bonds; however there can be no assurances that similar actions would not occur in the future that would not disrupt the timely allocation of tax revenues available to pay debt service on the Bonds.

### **Bankruptcy and Foreclosure**

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

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

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

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

### **Estimated Revenues**

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE."

### **Hazardous Substances**

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance. The Successor Agency is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located within the Project Area; however, it is possible such materials do currently exist and that the Successor Agency is not aware of them.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of

remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

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

### **Natural Disasters**

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

**Seismic.** According to the Safety Element of the City's General Plan, the City is part of the seismically active Southern California region, probably best known for the 750-milelong San Andreas Fault, which stretches from the Mexican Border to San Francisco. The City is bounded on the southwest by the Palos Verdes Fault and on the west the Newport-Inglewood Fault. Both faults are less than five miles from the City. A map of the major faults near Hawthorne is provided in the Local Hazard Mitigation Plan. No Alquist-Priolo Special Studies Zones have been designated within the city limits. Much of Hawthorne lies atop late Quaternary (Pleistocene) compact-to-very-dense deposits of gravel, silt, and clay. The City is not subject to liquefaction due to the nature of its geological structure. It is also not susceptible to landslides.

The level of damage in the City resulting from an earthquake would depend upon the magnitude of the event, the epicenter distance from the City, the response of geologic materials, and the strength and construction quality of structures. Earthquake damage in the Project Areas could reduce the assessed valuation of property in the Project Areas and therefore, adversely affect the ability of the Successor Agency to pay debt service on the Bonds.

**Flood.** The majority of the City is designated as Zone X (i.e., areas outside the 500-year flood zone) by the Federal Emergency Management Agency. Should widespread flooding occur, both the Project Areas and the City would be at equal risk to damage due to the small size of the City and the general lack of variegated topography. Flooding in the Project Areas could also occur as a result of global climate change, storm-induced flooding and tsunamis.

**Fire Risks.** According to the Safety Element of the City's General Plan, due to its geographic location and topography, the City is not subject to wildland fires. Significant damage occurs infrequently, but it is most likely to occur where industrial chemicals and fuels are used and where these substances are stored or transported. The City contracts with the Los Angeles County Fire Department for fire and emergency services. Property

damage within the Project Areas due to fires could result in a reduction of the Tax Revenues that secure the Bonds.

The property within the Project Areas may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, pandemics, riots and spills of hazardous substances, among other events. The Successor Agency cannot predict what force majeure events may occur in the future. See “-Levy and Collection of Taxes” above.

### **Climate Change**

California has experienced heat waves, drought, wildfires, severe storms, and extreme weather events, which may be attributable to climate change. Senate Bill 379 requires each city in California to update their Safety Element to consider climate impacts facing the State as well as methods to adapt and increase resiliency to climate change at the city level. Hawthorne developed a Climate Action Plan (CAP) in cooperation with the South Bay Cities Council of Governments in 2017. The CAP serves as a guide for action by setting GHG emission reduction goals and establishing strategies and policy to achieve desired outcomes over the next 20 years.

Projections of the impacts of global climate change on the City and the Project Areas are complex and depend on many factors that are outside the Successor Agency’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. The Successor Agency is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The Successor Agency is unable to predict whether sea-level rise or other impacts of climate change will occur while the Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Tax Revenues.

### **Cybersecurity**

The City and Successor Agency, like many other public and private entities, rely on computer and other digital networks and systems to conduct its operations. The City employs a multi-level cyber protection scheme that includes network firewalls, server and personal computer level antivirus software, antispam/malware software, e-mail protection and intrusion protection. The City carries cybersecurity insurance. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. 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 assurance can be given that the City’s efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector and other authorities for the levy and collection of taxes, and the Trustee. No assurance can be given that the City and/or the other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners. The results of any attack on the City’s computer and information-technology systems could adversely affect the City’s or Successor Agency’s operations and damage the City’s digital networks and systems, and potential losses from such attacks, as well as the costs of defending against future attacks, could be substantial. In addition, cyberattacks could result in delays in receipt of pledged Tax Revenues from the County Auditor-Controller, or transfer of pledged Tax Revenues to the Trustee to pay debt service on the Bonds in accordance with the Indenture.

## Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues available to pay debt service on the Bonds.

## State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, and constituted efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets which were previously held by redevelopment agencies to cities, counties and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues. See the caption "—Changes in the Law" above.

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the State fiscal year 2015-16 budget, after having initially been presented as AB 113, a trailer bill to the State fiscal year 2015-16 budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorized successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of successor agencies, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of a successor agency's enforceable obligations.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the Successor Agency or the Underwriter, and the Successor Agency and the Underwriter take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted thereon, and such information is not incorporated herein by these references.

For additional information regarding the 2024-25 State Budget and the proposed 2025-26 State Budget, see the DOF's website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov).

*None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. Neither the Successor Agency nor the Underwriter makes any representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

## **Loss of Tax-Exemption**

As discussed under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

## **Investment Risk**

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix A for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. See also the caption “—Bankruptcy and Foreclosure” above.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Although the Successor Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Owners of the Bonds on a timely basis. See the caption “CONTINUING DISCLOSURE” and “APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE”. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **No Validation Proceeding Undertaken**

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on April 16, 2025.

It is possible that the definition, levy, collection, distribution, or availability of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. However, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Successor Agency believes this constitutional provision would provide some protection against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

#### **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service has a program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations).

#### **Loss of Tax Exemption**

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

#### **Bonds Are Limited Obligations**

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

Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the Reserve Account.

### **Bond Insurance**

In the event of default of the payment of the scheduled principal of or interest on the Bonds when all or some becomes due, the Trustee on behalf of any owner of the Bonds shall have a claim under the Policy for such payments. In the event the Bond Insurer makes a payment to Owners of the Bonds under the Policy, the Bond Insurer will be subrogated to the rights of such Owners of the Bonds to direct and consent to remedies with respect to the Bonds. The Bond Insurer may direct and must consent to any remedies with respect to the Bonds and the Bond Insurer's consent may be required in connection with amendments to any applicable documents relating to the Bonds. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "RATINGS" herein.

The obligations of the Bond Insurer are unsecured contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to make the payments on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

### **Limitations on Remedies**

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

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

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

significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption “—Bankruptcy and Foreclosure” above.

### **No Acceleration Provision**

The Indenture does not contain a provision allowing for the acceleration of the Bonds following an Event of Default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”.

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The City and the Successor Agency have made certifications and representations and have covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Nossaman LLP, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by, and compliance with such covenants of, the City and the Successor Agency, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, interest on the Bonds is included in the calculation of adjusted financial statement income of certain corporations. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from State of California personal income taxes.

Except as described above, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issue of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the California legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issue of the Bonds, will not eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Investors in the Bonds should be aware that future legislative actions might increase, reduce, or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Nossaman LLP.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount, including purchasers who do not purchase in the original offering, are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences or any collateral federal tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded on each interest or principal payment date. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal, state or local income tax consequences of owning such Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City, the Successor Agency or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat

the Successor Agency as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached as APPENDIX B hereto.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules relating to the refunding of the 2016 Bonds. See "REFUNDING PLAN." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

### **UNDERWRITING**

Samuel A. Ramirez & Co., Inc., as underwriter (the "Underwriter"), has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$\_\_\_\_ (equal to the principal amount of the Bonds, plus original issue premium of \$\_\_\_\_ and less an underwriter's discount of \$\_\_\_\_). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in 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 Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

### **MUNICIPAL ADVISOR**

The Successor Agency has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. CSG Advisors Incorporated, is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

### **LEGAL OPINIONS**

The proposed form of the final approving opinion of Nossaman LLP, Los Angeles, California, with respect to the Bonds is included in APPENDIX B. In addition to those matters opined on by Bond Counsel, certain legal matters will be passed on for the Successor Agency by Nossaman LLP, as Disclosure Counsel to the Successor Agency for the Bonds and by Robert Kim, Esq., the Hawthorne City Attorney, acting as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California.

## LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing, or which could materially affect the Tax Revenues.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign the rating of “\_\_” (stable outlook) to the Bonds based on the issuance of the Municipal Bond Insurance Policy by the Bond Insurer at the time of delivery of the Bonds. See “MUNICIPAL BOND INSURANCE.” In addition, S&P has assigned the underlying rating of “\_\_” (stable outlook) to the Bonds without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## CONTINUING DISCLOSURE

The Successor Agency will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency and other data by not later March 31 of each year (the “Annual Report”), commencing March 31, 2026 with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the “Rule”).

A failure by the City to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the Bonds on the secondary market.

A review of prior compliance by the Successor Agency and the City with its continuing disclosure obligations under the Rule revealed several instances of filing delays during the past five years. In connection with the \$13,180,000 Community Redevelopment Agency of the City of Hawthorne Community Facilities District No. 1999-1 (Gateway Center) 2010 Special Tax Refunding Bonds, and the \$29,785,000 Successor Agency to the Community Redevelopment Agency to the City of Hawthorne, Subordinate Tax Allocation Refunding Bonds, Series 2016 the Successor Agency to the Community Redevelopment Agency filed its audited financial statement for fiscal year ended June 30, 2022 late. In connection with the City's \$121,865,000 initial principal amount of Taxable Pension Obligation Bonds, Series 2019, the City filed all of its annual reports in 2024, and therefore was late in filing the annual reports due March 31 in the years 2020, 2021, 2022 and 2023. In connection with the City's \$12,645,000 initial principal amount of Certificates of Participation, Series A and \$17,470,000 Certificates of Participation, Series B, the City filed the annual reports due March 31 in the years 2020, 2021, 2022 and 2023 late, in 2024. In connection with the City of Hawthorne, California Community Facilities District No. 2006-1 (Three Sixty Degrees @ South Bay) 2020 Special Tax Refunding Bonds, the City filed its audited financial statement for fiscal years ended June 30, 2021 and June 30, 2022 late. In connection with the \$3,880,000 City of

Hawthorne Community Facilities District No. 2004-1 (Fusion @ South Bay) 2005 Special Tax Bonds, the City filed its audited financial statement for fiscal year ended June 30, 2022 late. In addition, the City received a rating upgrade from S&P on September 5, 2024 and did not file a notice of such rating change until May 19, 2025. The Successor Agency and City are now current on their continuing disclosure filings, and will work closely with their dissemination agents to ensure timely compliance of annual reports in the future.

### **AUDITED FINANCIAL STATEMENTS**

The City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (the "ACFR"), attached as Appendix E hereto, was audited by Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California (the "Auditor"). The City's financial statements contain the Successor Agency's audited financial statements for the fiscal year ended June 30, 2024.

The Auditor was not requested to consent to the inclusion of its report in Appendix E and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report. See "APPENDIX E – CITY OF HAWTHORNE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024."

As described in "SECURITY FOR THE BONDS—Limited Obligation," the Bonds are payable from and secured by a pledge of Tax Revenues and the Bonds are not a debt of the City. The City's audited financial statements are included in Appendix E to this Official Statement only because they contain the Successor Agency's audited financial statements.

### **MISCELLANEOUS**

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

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

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

SUCCESSOR AGENCY TO THE COMMUNITY  
REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

By: \_\_\_\_\_  
Executive Director

**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**APPENDIX B**

**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX C

### DTC'S BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC. The Successor Agency and the City take no responsibility for the completeness or accuracy thereof. The City and the Successor Agency cannot give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (i) payments of interest, principal or premium, if any, with respect to the Bonds, (ii) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis without error, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are,

however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE  
TAX ALLOCATION REFUNDING BONDS  
SERIES 2025

This Continuing Disclosure Certificate, dated \_\_\_\_\_, 2025 (this “Disclosure Certificate”), is executed and delivered by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the “Successor Agency”) in connection with the Successor Agency’s issuance of its Tax Allocation Refunding Bonds, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2025 (the “Indenture”), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

**SECTION 1. Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the Holders and Beneficial Owners (as hereinafter defined) of the Series 2025 Bonds and in order to assist the Participating Underwriter (as hereinafter defined) in complying with the Rule (as 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:

“Annual Filing” means, the Annual Filing provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the audited financial statements of the Successor Agency, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in “State of California Accounting Standards and Procedures for Counties”, except as may be modified from time to time and described in such financial statements.

“Beneficial Owner” shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries) including the Securities Depository (as defined in the Indenture).

“EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Deadline” means March 31 of each year, commencing March 31, 2026.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, any person, including the issuer of municipal securities (such as the Series 2025 Bonds), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement). The Successor Agency is the only Obligated Person for the Series 2025 Bonds.

“Official Statement” means the final Official Statement, dated \_\_\_\_, 2025, relating to the Series 2025 Bonds.

“Participating Underwriter” shall mean the original underwriter of the Series 2025 Bonds required to comply with the Rule in connection with offering of the Series 2025 Bonds.

“Repository” shall mean the MSRB or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time and including any official interpretations thereof issued either before or after the effective date of this Disclosure Certificate which are applicable to this Disclosure Certificate.

“SEC” shall mean the Securities and Exchange Commission and any successor agency thereto.

“Specified Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“State” means the State of California.

### SECTION 3. Provision of Annual Filing.

The Successor Agency shall, not later than the Filing Deadline following each fiscal year of the Successor Agency, commencing with the Annual Filing following the fiscal year of the Successor Agency ended June 30, 2025, provide to the Repository an Annual Filing which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Filing 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 Certificate; provided that the Audited Financial Statements referred to in Section 4(a) may be submitted separately from the balance of the Annual Filing and later than the date required above for the filing of the Annual Filing if such Audited Financial Statements are not available by that date. If the fiscal year of the Successor Agency changes, the Successor Agency shall give notice of such change in the same manner as for a Specified Event under Section 5(h). Currently, the MSRB requires filing such information electronically through EMMA. Audited financial statements are expected to be available with the Annual Filing. The Successor Agency is required to deliver, or cause to be delivered, such information in such manner and by such time so that the MSRB receives the information on or before the date specified.

If the Successor Agency fails to provide to the MSRB an Annual Filing by the Filing Deadline, the Successor Agency shall promptly send a notice to the MSRB of such failure in an electronic format, and accompanied by such identifying information as is prescribed by the MSRB.

SECTION 4. Content of Annual Filings. The Successor Agency's Annual Filing shall contain or include by reference the following:

(a) The Audited Financial Statements of the Successor Agency for the prior Fiscal Year. If the Successor Agency's Audited Financial Statements are not available by the Filing Deadline, the Annual Filing shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available.

(b) Update to Tables 1-4 and Table 6 in the Official Statement for the most recently ended fiscal year.

The items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Successor Agency is an Obligated Person, and which have been filed with the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Successor Agency shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Filings may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency or any mergers, consolidations, acquisitions or dispositions made by or affecting the Successor Agency; provided that any such modifications shall comply with the requirements of the Rule.

SECTION 5. Reporting of Specified Events.

(a) The Successor Agency shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-10 with respect to the Series 2025 Bonds, in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and be accompanied by such identifying information as is prescribed by the MSRB.

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. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinion;
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 subsection (9) above, 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 Successor Agency shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the following events numbered 11-18 with respect to the Series 2025 Bonds, if material, in a timely manner but not later than 10 business days after the occurrence of the event. Such notice shall be in an electric format, and be accompanied by such identifying information as is prescribed by the MSRB.

11. Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of Series 2025 Bonds or other events affecting the tax status of Series 2025 Bonds;
12. Modifications to rights of Holders;
13. Bond calls;
14. Release, substitution, or sale of property securing repayment of the Series 2025 Bonds;
15. Non-payment related defaults;
16. 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;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the Obligated Person or agreement to covenants, events or default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affects security holders.

(c) The Successor Agency acknowledges that it must make a determination whether a Specified Event listed in subsection (b) is material under applicable federal securities laws in order to determine whether a filing is required under subsection (b). If it makes such a determination, the Successor Agency shall within 10 Business Days of occurrence file a notice of such occurrence, or cause a notice of such occurrence to be filed, with the Repository. Notwithstanding the foregoing, notice of the

Specified Event described in Section 5(a)(7) or Section 5(b)(12) need not be given under this Section 5(c) any earlier than the notice (if any) of the underlying event is given to the Holders of affected Series 2025 Bonds pursuant to the Indenture.

**SECTION 6. Termination of Reporting Obligation.** The obligations of the Successor Agency under this Disclosure Certificate shall terminate upon the legal defeasance, or payment in full, of all of the Series 2025 Bonds. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Specified Event under Section 5(a) hereof.

**SECTION 7. Amendment; Waiver.** The Successor Agency reserves the right to amend this Disclosure Certificate, and noncompliance with any provision of this Disclosure Certificate may be waived, as may be necessary or appropriate to (a) achieve its compliance with the Rule or any other applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any changes in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the Successor Agency. Any such amendment or waiver shall not be effective unless the Disclosure Certificate (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Series 2025 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Successor Agency shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by Agency that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Series 2025 Bonds then outstanding.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Successor Agency shall describe such amendment in the Annual Filing or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (i) notice of such change shall be given in the same manner as Section 3, and (ii) the Annual Filing or the Audited Financial Statement for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the Audited Financial Statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 8. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency 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 Annual Filing or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Filing or notice of occurrence of a Specified Event, in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

SECTION 9. Remedy for Breach. This Disclosure Certificate shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Series 2025 Bonds. The exclusive remedy for any breach of the Disclosure Certificate by the Successor Agency shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Successor Agency of its obligations under this Disclosure Certificate by court order; provided that any Holder or Beneficial Owner seeking to require the Successor Agency to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Successor Agency of the Successor Agency's failure, giving reasonable detail of such failure, following which notice the Successor Agency shall have 30 days to comply. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture with respect to the Series 2025 Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Participating Underwriter, Holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

SECTION 11. Record Keeping. The Successor Agency shall maintain records of all Annual Filings and notices of Specified Events, including the content of such disclosure, the names of the entities with which such disclosure was filed and the date of filing such disclosure.

SECTION 12. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF HAWTHORNE

By: \_\_\_\_\_  
Executive Director

**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF HAWTHORNE FOR THE**

**FISCAL YEAR ENDED JUNE 30, 2024**

## APPENDIX F

### CITY OF HAWTHORNE AND LOS ANGELES COUNTY SUPPLEMENTAL INFORMATION

*The following information concerning the City of Hawthorne (the “City”) and Los Angeles County (the “County”) is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State of California (“State”), or any of its political subdivisions (except for the Successor Agency, and then to the limited extent set forth in the Indenture), and neither the City, the County, the State nor any of its political subdivisions is liable therefor (except for the Successor Agency, to the limited extent set forth in the Indenture).*

#### **General**

**The City of Hawthorne.** Incorporated in 1922, the City of Hawthorne is approximately six square miles. Located near the Los Angeles International Airport, connected by rail to the Port of Los Angeles and downtown Los Angeles, and surrounded by the San Diego (I-405), Harbor (I-110), and Glenn M. Anderson (I-105) Freeways, the City is a transportation hub to the South Bay region of Los Angeles County. The City is the headquarters for several manufacturing and aerospace companies, including Tesla Motors (which has its design center at the Hawthorne Municipal Airport), SpaceX and OSI Systems. To the north of the City is the unincorporated community of Lennox and the city of Inglewood. To the east is the unincorporated community of Athens and the city of Gardena. To the south is the unincorporated community of El Camino Village, and the cities of Lawndale and Redondo Beach. Manhattan Beach is at the southwest corner of Hawthorne, and the city of El Segundo is to the west of Hawthorne. The unincorporated community of Del Aire is surrounded on three sides by the city of Hawthorne along the western edge of Hawthorne.

The City provides a wide range of services, including police protection, public works, storm drainage, planning and development, park and landscape maintenance, code enforcement, building inspection, and administration. Fire protection and library services are provided by Los Angeles County. Many recreation programs for all age groups and services for the mature adult population are provided year round. The City provides for trash collection services through a contracted third party.

**Los Angeles County.** The County of Los Angeles (the “County”) was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. The County is governed by a five-member Board of Supervisors who are elected by district to serve alternating four-year terms. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over nine million, its population is the largest of any county in the nation and is largest non–state level governmental entity in the United States. The County serves as the central trade district for the western United States and the gateway to the Asian economies. The County has 88 incorporated cities and many unincorporated areas and, at 4,083 square miles (10,570 km<sup>2</sup>), it is larger than the combined areas of Delaware and Rhode Island. The County is home to more than one-quarter of California's residents and is one of the most ethnically diverse counties in the U.S.

## Population

The table below shows the population and population growth rate in the City and the County from January 1, 2016 through January 1, 2025:

### City of Hawthorne City and County Population 2016 through 2025

Year <sup>(1)</sup>	City		County	
	Population	Growth Rate	Population	Growth Rate
2016	88,318	0.20%	10,150,386	0.25%
2017	88,197	-0.14	10,181,162	0.30
2018	88,144	-0.06	10,192,593	0.11
2019	87,827	-0.36	10,163,139	-0.29
2020	87,571	-0.29	10,135,614	-0.27
2021	87,650	-0.08	9,966,353	-1.78
2022	86,618	-1.10	9,870,212	-0.94
2023	86,038	-0.75	9,834,286	-0.43
2024	85,868	-0.37	9,848,643	0.05
2025	85,653	-0.30	9,876,811	0.30

(1) As of January 1 of each year.

Source: State of California, Department of Finance, E-4 Population Estimate for Cities, Counties and the State.

## Construction Activity

The following is a summary of the construction permits issued by the City for the last three calendar years.

### City of Hawthorne Building Permits Issued and Values for Permits Issued Calendar Years 2022-2024

Calendar Year	Building Permits	Value of Permits Issued		
		Commercial	Residential	Total
2022	267	\$ 3,933,569	\$ 4,286,476	\$ 8,220,045
2023	1009	7,465,167	12,095,613	19,560,780
2024	1549	53,119,761	23,657,725	76,777,486

Source: City of Hawthorne.

## Industry and Employment

The following table shows certain employment statistics for the City and the County for calendar years 2020 through 2025.

### CITY OF HAWTHORNE CITY AND COUNTY EMPLOYMENT STATISTICS Calendar Years 2020 through 2025<sup>(1)</sup>

Year	City			County	
	Labor Force	Employed	Unemployment Number	Unemployment Rate	Unemployment Rate
2020	43,900	37,500	6,400	14.6%	12.3%
2021	43,700	39,200	4,600	10.4	9.0
2022	43,100	40,900	2,200	5.0	5.0
2023	43,000	40,900	2,100	4.8	5.0
2024	43,000	40,900	2,200	5.0	5.2
2025 <sup>(2)</sup>	43,600	41,200	2,300	5.4	5.6

(1) Data not seasonally adjusted. Figures represent the 12-month average for each such year.

(2) Preliminary, as of April 2025.

Source: State of California, Employment Development Department.

The following table lists the City’s principal employers in calendar year 2024.

### CITY OF HAWTHORNE PRINCIPAL EMPLOYERS Calendar Year 2024

Employer	Employees	% of total City Employment
SpaceX - Space Exploration Technologies	7,428	17.27%
Hawthorne School District	1,025	2.38
Wiseburn Unified School District	492	1.14
Amazon Fulfillment Center (includes Ring HQ)	471	1.10
OSI Systems Inc.	266	0.62
Teledyne Relays	245	0.57
City of Hawthorne	244	0.57
Home Depot <sup>(1)</sup>	220	0.51
South Bay Ford	205	0.48
Hawthorne Healthcare and Wellness Center	152	0.35
<b>Total</b>	<b>10,748</b>	<b>25.00%</b>
<b>Total City Employment<sup>(2)</sup></b>	<b>43,000</b>	

(1) Includes both full-time and part-time employees.

(2) Total City Employment provided by Employment Development Department Labor Force Data.

Source: City of Hawthorne Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024.

The following table summarizes the employment figures by industry for calendar years 2021 through 2025 for the Los Angeles-Long Beach-Glendale Metropolitan Division, which is located entirely within the County.

**INDUSTRY EMPLOYMENT & LABOR FORCE – ANNUAL AVERAGE  
LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION  
(LOS ANGELES COUNTY)**

	2021	2022	2023	2024 <sup>(1)</sup>	2025 <sup>(2)</sup>
Total Farm	4,600	4,800	4,700	4,600	4,700
Goods Producing	463,800	474,700	471,900	466,400	440,400
Mining, Logging and Construction	150,700	153,000	152,700	151,900	143,000
Manufacturing	313,100	321,700	319,200	314,500	297,400
Non-Durable Goods	127,100	132,200	128,200	126,100	119,100
Service Providing	3,841,300	4,058,300	4,071,600	4,125,200	4,135,500
Private Service Providing	3,281,100	3,488,300	3,489,300	3,531,600	3,530,900
Trade, Transportation, and Utilities	814,000	834,500	826,400	810,300	803,700
Wholesale Trade	202,600	204,400	200,400	196,600	190,900
Retail Trade	396,100	406,500	407,200	397,500	394,200
Information	208,800	234,900	193,000	198,300	186,800
Financial Activities	213,200	215,700	211,000	210,900	201,900
Professional and Business Services	630,800	666,900	652,500	658,500	648,700
Private Education and Health Services	844,400	871,100	914,500	963,400	1,010,600
Leisure and Hospitality	434,200	512,400	534,100	532,500	523,200
Other Services	135,700	153,000	157,800	157,700	156,000
Government	560,200	570,000	582,300	593,600	604,600
Total, All Industries <sup>(3)</sup>	4,309,700	4,537,900	4,548,200	4,596,200	4,580,600

(1) Last available full year data.

(2) As of March 2025.

(3) "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2024-5 Benchmark*.

The following table sets forth estimates of the civilian labor force, employment, unemployment, and unemployment rate for the County and the State for calendar years 2021-2025.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT  
BY ANNUAL AVERAGE  
CALENDAR YEARS 2021-2025  
(LOS ANGELES COUNTY and STATE OF CALIFORNIA)**

Year and Area	Civilian Labor Force	Civilian Employment	Civilian Unemployment	Civilian Unemployment Rate
<b>2021</b>				
Los Angeles County	4,999,700		4,551,600	9.0%
State of California	18,954,600		17,564,900	7.3%
<b>2022</b>				
Los Angeles County	5,021,800		4,771,700	5.0%
State of California	19,218,300		18,393,900	4.3%
<b>2023</b>				
Los Angeles County	5,055,300		4,799,000	5.1%
State of California	19,471,000		18,551,800	4.7%
<b>2024<sup>(1)</sup></b>				
Los Angeles County	5,109,800		4,812,600	5.8%
State of California	19,644,100	18,600,900	1,043,100	5.3%
<b>2025<sup>(2)</sup></b>				

Los Angeles County	5,047,900	4,767,600	5.6%
State of California	19,841,400	18,788,700	5.3%

<sup>(1)</sup> Last available full year data.

<sup>(2)</sup> Data as of March 2025.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2024 Benchmark*.

## Taxable Transactions

The table below summarizes the taxable transactions in the City and County by type of business for calendar years 2020 through 2024.

<b>TAXABLE TRANSACTIONS (CITY OF HAWTHRONE)</b>					
<b>Type of Business</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024<sup>(1)</sup></b>
<b>Retail and Food Services</b>					
Motor Vehicle and Parts Dealers	\$ 281,975,481	\$ 394,226,110	\$ 443,591,209	\$ 389,306,285	\$ 357,115,549
Home Furnishings and Appliance Stores	65,717,541	82,439,450	105,429,266	92,411,648	81,357,320
Building Material and Garden Equipment and Supplies Dealers	166,851,350	174,578,208	172,894,383	176,187,049	171,498,201
Food and Beverage Stores	44,650,041	45,736,645	47,523,911	47,921,050	41,047,489
Gasoline Stations	56,357,971	90,494,280	131,292,677	114,190,860	102,651,205
Clothing and Clothing Accessories Stores	55,379,349	84,008,530	79,141,232	81,534,304	85,988,857
General Merchandise Stores	282,589,308	342,008,266	416,217,733	406,598,222	370,621,183
Food Services and Drinking Places	106,538,037	129,757,850	138,741,226	142,779,366	138,795,860
Other Retail Group	60,528,086	68,013,220	66,114,879	62,420,691	64,813,548
<b>Total Retail and Food Services</b>	<b>\$1,120,587,164</b>	<b>\$1,411,262,559</b>	<b>\$1,600,946,516</b>	<b>\$1,513,349,475</b>	<b>\$1,413,889,212</b>
All Other Outlets	\$282,200,996	\$296,823,755	\$471,844,831	\$427,881,241	\$369,821,514
<b>Total All Outlets</b>	<b>\$1,402,788,160</b>	<b>\$1,708,086,314</b>	<b>\$2,072,791,347</b>	<b>\$1,941,230,716</b>	<b>\$1,783,710,726</b>

(1) Latest annual data available.  
Source: CDTFA - Taxable Sales by City.

**TAXABLE TRANSACTIONS  
(LOS ANGELES COUNTY)**

Type of Business	2020	2021	2022	2023	2024 <sup>(1)</sup>
<b>Retail and Food Services</b>					
Motor Vehicle and Parts Dealers	\$18,534,325,790	\$23,563,564,765	\$25,275,154,063	\$23,452,326,653	\$22,179,959,313
Home Furnishings and Appliance Stores	6,608,481,868	8,191,431,025	7,731,033,293	6,977,305,008	6,746,414,645
Building Material and Garden Equipment and Supplies Dealers	9,556,946,133	10,456,967,177	11,019,289,406	10,678,778,454	10,499,439,821
Food and Beverage Stores	7,650,293,876	7,870,931,683	8,267,218,988	8,344,481,521	7,698,819,083
Gasoline Stations	8,132,306,788	12,411,546,399	16,168,371,270	14,257,026,906	13,017,730,554
Clothing and Clothing Accessories Stores	9,498,705,309	13,981,730,889	14,430,221,202	14,020,074,358	13,984,104,849
General Merchandise Stores	12,263,783,822	14,456,028,655	15,079,135,401	14,523,908,822	14,300,846,122
Food Services and Drinking Places	17,006,158,406	23,626,064,760	28,099,665,133	29,529,325,777	29,257,826,023
Other Retail Group	24,164,972,130	24,442,108,064	24,552,534,881	24,380,860,690	23,451,263,753
<b>Total Retail and Food Services</b>	<b>\$113,415,974,122</b>	<b>\$139,000,373,417</b>	<b>\$150,622,623,637</b>	<b>\$146,164,088,189</b>	<b>\$141,136,404,163</b>
All Other Outlets	\$44,322,010,334	\$53,523,829,593	\$63,093,985,701	\$62,338,747,137	\$61,181,272,474
<b>Total All Outlets</b>	<b>\$157,737,984,456</b>	<b>\$192,524,203,010</b>	<b>\$213,716,609,338</b>	<b>\$208,502,835,326</b>	<b>\$202,317,676,637</b>

(1) Latest annual data available.

Source: CDTFA - Taxable Sales – Counties by Type of Business.

## Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the “BEA”) produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy. The BEA defines “personal income” as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors’ income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capital personal income is calculated as the personal income divided by the resident population based upon the Census Bureaus’ annual midyear population estimates.

The table below presents the latest available personal income data for the County, the State and the United States for the calendar years 2019-2023 (the most recent year available).

**PERSONAL INCOME**  
**CALENDAR YEARS 2019-2023<sup>(1)</sup>**  
**(LOS ANGELES COUNTY, STATE OF CALIFORNIA, and UNITED STATES)**

Year and Area	Personal Income (thousands of dollars)	Per Capital Personal Income (dollars)
<b>2019</b>		
Los Angeles County	\$ 629,245,755	\$62,591
State of California	2,539,747,399	64,219
United States	18,349,584,000	55,566
<b>2020</b>		
Los Angeles County	678,548,600	67,904
State of California	2,769,103,047	70,098
United States	19,600,945,000	59,123
<b>2021</b>		
Los Angeles County	719,455,363	73,343
State of California	3,009,556,560	76,882
United States	21,403,979,000	64,460
<b>2022</b>		
Los Angeles County	722,935,767	74,378
State of California	3,003,826,087	76,941
United States	22,077,232,000	66,244
<b>2023<sup>(1)</sup></b>		
Los Angeles County	756,659,481	78,302
State of California	3,166,135,354	81,255
United States	23,380,269,000	69,810

<sup>(1)</sup> Last available full year data.

Source: U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" (accessed May 19, 2025).

The following is a direct and overlapping debt report as of May 1, 2025, prepared by California Municipal Statistics, Inc. This report is included for informational purposes only. Neither the City, the Successor Agency, nor the Underwriter has reviewed the report for completeness or accuracy and makes no representation in connection therewith.

**CITY OF HAWTHORNE  
DIRECT AND OVERLAPPING DEBT  
As of May 1, 2025**

2024-25 Assessed Valuation: \$11,472,610,532

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/25</u>
Metropolitan Water District	0.282%	\$ 48,377
El Camino Community College District	6.672	32,028,627
Los Angeles Community College District	0.078	3,837,214
Los Angeles Unified School District	0.095	10,509,161
Centinela Valley Union High School District	37.954	84,709,846
Centinela Valley Union High School District SFID No. 2016-1	36.536	77,953,210
Inglewood Unified School District	0.030	95,885
Wiseburn Unified School District	14.694	17,421,862
Hawthorne School District	97.312	61,298,230
Lawndale School District	19.482	9,590,015
Lennox School District	7.200	2,419,861
City of Hawthorne Community Facilities District No. 2004-1	100.	2,240,000
City of Hawthorne Community Facilities District No. 2006-1	100.	<u>7,340,000</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$309,492,288
Less: Los Angeles Unified School District supported general obligation bonds	<u>284,503</u>	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		\$309,207,785

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.546%	\$16,590,278
Los Angeles County Superintendent of Schools Certificates of Participation	0.546	12,731
Los Angeles Unified School District Certificates of Participation	0.095	420,888
Centinela Valley Union High School District Certificates of Participation	58.991	2,887,609
Inglewood Unified School District Certificates of Participation	0.030	293
Wiseburn Unified School District General Fund Obligations	14.694	1501797
Hawthorne School District Certificates of Participation	97.312	9,468,458
Lennox School District Certificates of Participation	7.200	223,560
<b>City of Hawthorne General Fund Obligations</b>	<b>100.</b>	<b>43,206,000<sup>(1)</sup></b>
<b>City of Hawthorne Pension Obligation Bonds</b>	<b>100.</b>	<b><u>108,530,000</u></b>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$182,841,614

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100. %	\$15,625,000
GROSS COMBINED TOTAL DEBT		\$507,958,902 <sup>(2)</sup>
NET COMBINED TOTAL DEBT		\$507,674,399

<u>Ratios to 2024-25 Assessed Valuation:</u>	
Total Gross Overlapping Tax and Assessment Debt.....	2.70%
Total Net Overlapping Tax and Assessment Debt.....	2.70%
<b>Total Direct Debt (\$151,736,000).....</b>	<b>1.32%</b>
Gross Combined Total Debt.....	4.43%
Net Combined Total Debt.....	4.43%

<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,902,646,422):</u>	
Total Overlapping Tax and Assessment Debt.....	0.54%

Source: CalMuni

(1) Excludes Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Assessed Valuation. The table below presents the assessed valuation (secured and unsecured) of taxable property in the City for the last ten fiscal years.

**CITY OF HAWTHORNE  
ASSESSED VALUES OF ALL TAXABLE PROPERTY  
Fiscal Years 2015-16 through 2024-25**

Fiscal Years	Secured	Unsecured	Less Exemptions	Total Taxable Assessed Value	Direct Tax Rate
2015-16	\$6,360,930,083	\$261,718,287	\$(38,794,555)	\$6,583,853,815	0.09137%
2016-17	6,761,280,688	586,347,166	(70,829,245)	7,276,798,609	0.09174
2017-18	7,149,882,995	639,095,098	(62,805,701)	7,726,172,392	0.09127
2018-19	7,532,179,160	732,745,553	(75,014,723)	8,189,909,990	0.09104
2019-20	7,971,171,054	728,823,022	(69,188,809)	8,630,805,267	0.08950
2020-21	8,394,513,934	871,235,153	(89,168,195)	9,176,580,892	0.08648
2021-22	8,771,167,546	740,382,503	(106,971,423)	9,404,578,626	0.08939
2022-23	9,143,741,870	997,321,789	(67,095,584)	10,073,968,075	0.08939
2023-24	9,650,550,517	1,189,309,755	(98,589,184)	10,842,229,863	0.08517
2024-25	10,224,617,091	1,364,389,748	(116,396,307)	11,472,610,532	0.08605

Source: City of Hawthorne Audited Financial Statements for fiscal years 2015-16 through 2023-24; City of Hawthorne for fiscal year 2024-25, based on information provided by the Los Angeles County Auditor-Controller.

Redevelopment Dissolution. The State’s Community Redevelopment Law (codified in Part 1 of Division 24 of the California Health and Safety Code) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated redevelopment project areas (the “incremental value”) occurring after the year the project area is formed. In effect, local taxing agencies, such as the City, realize tax revenues only in the assessed value of such property at the time the redevelopment project is created for the duration of such redevelopment project. Although Assembly Bill No. 26 (“AB X1 26”), enacted on June 29, 2011 as Chapter 5 of Statutes of 2011, statutorily dissolved redevelopment agencies as of February 1, 2012, the enforceable obligations of dissolved redevelopment agencies, continue to be paid from property taxes derived from such incremental value until the enforceable obligations are paid in full in accordance with Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as such statutory provisions may further be amended from time to time (as amended, the “Dissolution Act”). Under the Dissolution Act, taxing entities, such as the City, are to receive distributions (in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of property taxes attributable to incremental value on each June 1 and January 2, commencing June 1, 2012, after payment of (i) tax sharing obligations established previously pursuant to the Community Redevelopment Law, (ii) enforceable obligations of the successor agency to the former redevelopment agency, and (iii) an administrative cost allowance to such successor agency. As enforceable obligations of the former redevelopment agency and its successor agency are paid and retired, residual amounts of property tax revenues attributable to redevelopment project area incremental value are expected to increase over time.

The top ten taxpayers, based on assessed values of taxable property in the City, as shown on the 2023-24 tax roll, are set forth in the following table:

**CITY OF HAWTHORNE  
TOP TEN TAXPAYERS BASED ON ASSESSED VALUE  
Fiscal Year 2023-24**

Rank	Taxpayer	Taxable Assessed Value	% of Total City Taxable Assessed Value
1	Space Exploration Technologies Corp <sup>(1)</sup>	\$713,339,704 <sup>(2)</sup>	6.58%
2	Holston DC Assets LLC	112,608,000	1.04
3	DCT Cargo LLC	91,513,963	0.84
4	Falcon Landing LLC <sup>(3)</sup>	91,190,775	0.84
5	BSP Zelman Hawthorne LLC	88,599,590	0.82
6	Costco Wholesale Corporation	66,786,978	0.62
7	Hawthorne Creative LLC	66,677,419	0.61
8	Equity Holdings LLC	61,997,640	0.57
9	15000 Aviation Ventures LLC	60,439,650	0.56
10	RT Rocket Road LLC	57,814,819	0.53
<b>Top Ten Total</b>		<b><u>\$1,410,968,538</u></b>	<b><u>13.01%</u></b>
<b>City Total</b>		<b><u>\$10,842,229,863</u></b>	<b><u>100.00%</u></b>

(1) On July 16, 2024, SpaceX founder Elon Musk posted on X (formerly Twitter) that SpaceX will be moving to Texas. Since then there has been no formal announcement by the company regarding the move. The City does not know if, or what date SpaceX plans to move out of the City, nor which departments of SpaceX will locate to Texas. In addition, the City is not aware of whether SpaceX plans to sell the real property it owns in the City in the event it relocates to Texas. For fiscal years ending 2020, 2021, 2022, 2023, and 2024 the City collected approximately \$348,132, \$393,390, \$396,486, \$504,008 and \$606,334, respectively, in property tax revenues from SpaceX. The City expects to receive approximately \$750,765 in property tax revenue for fiscal year ending 2025.

(2) The majority of taxable assessed value for SpaceX is unsecured property, which consists of business fixtures, furniture, machinery and equipment. Every year, this amount varies for SpaceX due to annual variations of its projects which are at various stages of completion.

(3) Pending appeals on parcels.

Source: City of Hawthorne Audited Financial Statements for fiscal year 2023-24

**APPENDIX G**  
**FISCAL CONSULTANT'S REPORT**

**APPENDIX H**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**