PRELIMINARY OFFICIAL STATEMENT DATED ___, 2021

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P: " __"
See "RATING"

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the City ("Bond Counsel"), interest on the Bonds is exempt from personal income taxes imposed by the State of California. Interest on the Bonds is includable in the gross income of the owners of the Bonds for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. See "TAX MATTERS" herein.

$[principal amount]*
REDONDO BEACH COMMUNITY FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2021A (FEDERALLY TAXABLE)

Dated: Delivery Date

Due: May 1, as shown on the inside front cover

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision. See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of certain of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds.

The Redondo Beach Community Financing Authority (the "Authority") will issue its $[principal amount] Lease Revenue Bonds, Series 2021A (Federally Taxable) (the "Bonds") pursuant to an Indenture, dated as of [July] 1, 2021 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as Trustee. Proceeds of the Bonds will be used to: (i) fund all or a portion of its California Public Employees' Retirement System ("CalPERS") Obligation (as defined herein); (ii) [fund capitalized interest through ___, 202_,] and (iii) pay costs of issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be payable from Revenues, which primarily consist of base rental payments ("Base Rental Payments") to be made by the City of Redondo Beach ("City") to the Authority as rental for all or a portion of streets in the City as described under "THE LEASED PROPERTY" (the "Leased Property"), pursuant to a Lease Agreement, dated as of [July] 1, 2021 (the "Lease"), by and between the Authority and the City. Such Base Rental Payments are payable from any source of legally available funds (subject to abatement under certain circumstances described in the Lease) as more fully described herein. See "SECURITY FOR THE BONDS."

The Bonds are subject to optional redemption,* mandatory sinking account redemption* and extraordinary redemption prior to their maturity as described herein.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in integral multiples of $5,000 each. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds is payable on their maturity dates set forth on the inside cover hereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2021. Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

The Bonds are offered, when, as and if issued, subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. In addition, certain legal matters will be passed on for the Authority by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about _____, 2021.

[Stifel logo] **[Ramirez & Co. logo]**

Dated: [pricing date], 2021

* Preliminary, subject to change.

$[principal amount]*
REDONDO BEACH COMMUNITY FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2021A (FEDERALLY TAXABLE)

MATURITY SCHEDULE*

$___* Serial Bonds

Maturity Date (May 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (Base:___)

$____* – ___% Term Bonds due May 1, 20__ Yield: ___%, Price: ___% CUSIP†

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of investors. Neither the Authority, the City nor the Underwriters guarantees the accuracy of the CUSIP data.

REDONDO BEACH COMMUNITY FINANCING AUTHORITY
REDONDO BEACH, CALIFORNIA

CITY COUNCIL/AUTHORITY

Bill Brand	Mayor/Chair
Nils Nehrenheim	Councilmember, District 1/Member
Todd Loewenstein	Councilmember, District 2/Member
Christian Horvath	Councilmember, District 3/Member
Zein Obagi, Jr.	Councilmember, District 4/Member
Laura Emdee	Councilmember, District 5/Member

CITY/AUTHORITY STAFF

Joe Hoefgen, City Manager/Executive Director
Mike Witzansky, Assistant City Manager
Steve Diels, City Treasurer
Marni Ruhland, Finance Director
Eleanor Manzano, City Clerk
Michael Webb, City Attorney/Authority Counsel

SPECIAL SERVICES

Bond Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Disclosure Counsel
Richards, Watson & Gershon
A Professional Corporation
Los Angeles, California

Trustee
U.S. Bank National Association
Los Angeles, California

Municipal Advisor and Dissemination Agent
Kosmont Transactions Services, Inc.
Manhattan Beach, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Preparation and Use of Official Statement. *Preparation of this Official Statement*. The information contained in this Official Statement has been obtained from sources that are believed to be reliable. This Official Statement is submitted in connection with the offer and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Authority with respect to the Bonds that has been deemed "final" by the Authority and the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the City, any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "anticipate," "estimate," "budget," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves 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. While the City has undertaken to provide certain on-going financial and other data pursuant to a Continuing Disclosure Agreement (see "CONTINUING DISCLOSURE" and APPENDIX E), the City does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained 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 Authority, the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement 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.

Stabilization of Prices. In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover and said public offering prices may be changed from time to time by the Underwriters.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website. The City maintains a website. The information presented therein is not part of this Official Statement and should not be relied on in making investment decisions with respect to the Bonds. Unless otherwise expressly stated, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including any content on the City's website) is incorporated in this Official Statement by reference. The City and the Authority make no representation regarding the accuracy or completeness of the information presented on such websites.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

NOT FDIC INSURED **NO BANK GUARANTEE**

TABLE OF CONTENTS

$[principal amount]*
REDONDO BEACH COMMUNITY FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2021A (FEDERALLY TAXABLE)

INTRODUCTION

This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices, is provided to furnish information in connection with the sale by the Redondo Beach Community Financing Authority (the "Authority") of its $[principal amount]* aggregate principal amount of Lease Revenue Bonds, Series 2021A (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, including the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (the "Bond Law"), and an Indenture, dated as of [July] 1, 2021 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The City of Redondo Beach ("City") is a member of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California (the "State"), including the City of. As such, the City is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract, dated January 31, 1949 (as amended, the "CalPERS Contract"), by and between the City Council of the City (the "City Council") and the Board of Administration of CalPERS, to make contributions to CalPERS: (a) to fund pension benefits for City employees who are members of CalPERS; (b) to amortize the unfunded accrued actuarial liability with respect to such pension benefits; and (c) to appropriate funds for such purposes.

Proceeds from the sale of the Bonds will be used to (i) fund all or a portion of the City's obligations to CalPERS under the CalPERS contract consisting of [100%] of the City's unfunded accrued actuarial liability to CalPERS as of [July 15], 2021 (the "CalPERS Obligation"); (ii) [fund capitalized interest through ___, 202_,] and (iii) pay costs of issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be dated the Delivery Date, and will mature on May 1 in the years and in the amounts shown on the inside front cover of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable semiannually on May 1 and November 1 in each year, commencing on November 1, 2021, 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 Record Date preceding the Interest Payment Date.

* Preliminary, subject to change.

The Bonds will be executed and delivered as one fully-registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "THE BONDS – Book-Entry Only System" and "APPENDIX D – DTC'S BOOK-ENTRY ONLY SYSTEM."

COVID-19 Pandemic

The finances and operations of the City have been and will continue to be impacted by SARSCoV-2, the virus ("Virus") which causes the coronavirus disease ("COVID-19"), which has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and California. The Pandemic is ongoing, and the ultimate geographic spread of the Virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to address its impacts are uncertain. The various local and state emergency orders issued to attempt to halt the spread of the Virus have altered the behavior of businesses and people in a manner that has had a negative effect on global and local economies. The activities that generate certain revenues of the City including, in particular, sales and use taxes and transient occupancy taxes, have been adversely affected by the spread of the Virus, and, although businesses and schools in the City have begun to reopen, there can be no assurances such material adverse impacts may not continue in the future.

The City expects to receive $6,801,080.00 in federal funds as part of the $1.9 trillion American Rescue Plan Act of 2021 signed by the President on March 11, 2021 to help offset revenue loss caused by the Pandemic. See "CITY FINANCIAL INFORMATION - Impact of COVID-19 Pandemic" and "BONDOWNERS' RISKS – COVID-19 Pandemic".

Security for the Bonds

The Bonds are payable from Revenues, which primarily consist of base rental payments ("Base Rental Payments") to be made by the City to the Authority for leasing certain City streets as described below under "THE LEASED PROPERTY" (the "Leased Property") pursuant to a Lease Agreement, dated as of [July] 1, 2021 (the "Lease"), by and between the City, as lessee, and the Authority, as lessor. Pursuant to the Indenture and an Assignment Agreement, dated as of [July] 1, 2021 (the "Assignment Agreement"), by and between the Authority and the Trustee, the Authority will assign to the Trustee for the benefit of the Owners of the Bonds, certain of its rights under the Lease, including its rights to receive Base Rental Payments for the purpose of securing the payment of debt service on the Bonds.

The City covenants under the Lease to take such action as necessary to include the Base Rental Payments and additional rental payments due under the Lease ("Additional Rental Payments") in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances as described in the Lease). The City will not fund a reserve fund for the Bonds. See "SECURITY FOR THE BONDS".

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The City

The City was incorporated in 1892 and adopted a charter in 1949. The City is located on the coastal edge of Los Angeles County, approximately 20 miles from downtown Los Angeles and approximately seven miles south of Los Angeles International Airport and spans 6.3 square miles. The City's population as of

January 1, 2021 was 66,484. The City remains a mostly residential, non-industrial community. The median sales price of a home in the City was over $1,200,000 as calculated by Zillow in May 2021.

The City provides a full range of municipal services. These include public safety (police and fire protection); recreation and community services; library; parks; maintenance and improvement of streets and infrastructure; planning and zoning; housing; economic development; transit and general government. The City also operates and maintains a large recreational and commercial harbor, including King Harbor, a 1,509-slip recreational boating harbor; the Redondo Beach Pier and Seaside Lagoon; and a 1.5 mile beach. The City has significant areas of employment and retail activity, including Northrop Grumman located at the northern end of the City, the South Bay Galleria located in the east end of the City, and Riviera Village, which consists of specialty shops, restaurants and services, and the Harbor/Pier, which are located at the south end of the City. See "THE CITY" and "APPENDIX A - INFORMATION REGARDING THE CITY OF REDONDO BEACH" for more information about the City.

Continuing Disclosure

The City will covenant in a Continuing Disclosure Agreement, for the benefit of the beneficial holders of the Bonds, to prepare and deliver an annual report of certain financial information and operating data relating to the City and to provide certain other information in compliance with Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" and "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

Summaries of Documents

This Official Statement contains descriptions of the Bonds, the Indenture, the Lease, and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein shall have the meanings set forth in the Indenture or the Lease. Copies of the Indenture and the Lease are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

Other Information

This Official Statement speaks only as of its date as set forth on the cover, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the City since the date of this Official Statement.

PLAN OF FINANCE

The Authority is issuing the Bonds for the purpose of funding: (i) all or a portion of its CalPERS Obligation; and (ii) costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" below. CalPERS has notified the City as to the amount of the Unfunded Liability based on the June 30, 2019 actuarial valuations. Based on the June 30, 2019 actuarial valuation as reported by CalPERS to the City, CalPERS has projected the City's total Unfunded Liability to be $___ as of [__], 2021, consisting of $___ with respect to the City's Miscellaneous Plan, and $___ with respect to the City's Safety Plan. The Bonds are being issued to refund [100]% of the Unfunded Liability for such plans, which will increase the funded ratio to ___% for the Miscellaneous Plan and__% for the Safety Plan. It is possible that CalPERS will determine at a future date that an additional unfunded liability exists that is attributable to the City if actual plan experience differs from the actuarial assumptions and projected investment returns, as such assumptions may be changed by CalPERS from time to time.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of the proceeds from the sale of the Bonds:

Sources:	
Par amount of the Bonds	$
Original issue [discount/premium]	
Total Sources	$
Uses:	$
Transfer to CalPERS	
Underwriters' discount	
[Capitalized Interest Account](1)	
Costs of Issuance Fund (2)	
Total Uses	$

(1) To fund capitalized interest through ___, 20__.
(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisors, Trustee, printing expenses, rating fee and other costs.

ANNUAL DEBT SERVICE

The following table shows the annualized debt service for the Bonds:

Bond Year Ending May 1	**Principal (1)**	**Interest**	**Total Annual Debt Service**
Total	**$__**	**$__**	**$_**

(1) Payments from May 1, 20__ through May 1, 20__ are Sinking Account Installments for the Term Bond maturing on May 1, 20__. See "THE BONDS – Redemption – *Mandatory Sinking Account Redemption*."

THE LEASED PROPERTY

The Leased Property consists of approximately 1.8 million aggregate square feet of multiple sections of certain City streets, appurtenant infrastructure and the real property upon which the improvements have been installed. Simultaneously with the delivery of the Bonds, the Authority will acquire a leasehold interest in the Leased Property from the City. The Authority will sublease the Leased Property to the City pursuant to the Lease. While the City is in possession of the Leased Property, all maintenance and repair of the Leased Property is the responsibility of the City.

The City, with the assistance of Kosmont Companies, a real estate advisory services company, has determined the estimated value of the Leased Property to be approximately $316 million. Pursuant to the Lease, the City and the Authority will acknowledge that the Base Rental Payments required to be made under the Lease represent the annual fair rental value of the Leased Property. The estimated values are provided for informational purposes only.

The Leased Property will not be subject to a deed of trust securing the Base Rental Payments. **If an event of default occurs and is continuing under the Lease, there is no right for the Authority to terminate the Lease and re-let the Leased Property**. See "BONDOWNERS' RISKS -- Limited Recourse on Lease Default."

Pursuant to the Lease, the City may substitute the Leased Property, in whole or in part, with other properties, upon the satisfaction of certain conditions. For more information regarding the substitution of property see "SECURITY FOR THE BONDS – Substitution of Leased Property" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Lease."

THE BONDS

General

The Bonds will be issued in the aggregate principal amount and will mature on the dates and bear interest at the rates per annum as set forth on the inside front cover of this Official Statement. The Bonds will be issued in integral multiples of $5,000 and will be dated their date of delivery. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on May 1 and November 1 of each year, commencing November 1, 2021 (each an "Interest Payment Date"), until maturity or earlier redemption thereof.

The Bonds will be initially delivered as one fully registered certificate for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. See "Book-Entry Only System" below.

Redemption*

Optional Redemption. The Bonds maturing on or before May 1, 20__ will not be subject to optional redemption. The Bonds maturing on or after May 1, 20__ will be subject to optional redemption, in whole or in part, on any date on or after May 1, 20__, in any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds that are Term Bonds maturing May 1, 20_ will also be subject to mandatory redemption in part by lot, on May 1 in each year, commencing March 1, 20__, as set forth below, from sinking account payments made by the Authority pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, together with interest accrued thereon in the aggregate respective principal amounts and on May 1 in the respective years as set forth in the following table:

Term Bonds Maturing on May 1, 20__

Redemption Date (May 1)	Principal Amount to be Redeemed
	$
(Maturity)	

Extraordinary Redemption. The Bonds are subject to redemption prior to maturity, in whole or in part, on any date, from prepayments of Base Rental Payments made by the City pursuant to the Lease from funds received by the City due to a taking of all or a portion of the Leased Property under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of all or a portion of the Leased Property, under the circumstances and upon the conditions and terms prescribed in the Indenture and the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. The Lease does not require property insurance, however, if the Leased Property consists of City streets. See "THE LEASED PROPERTY" and "SECURITY FOR THE BONDS - Insurance."

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

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed by lot from all Bonds not previously called for redemption in such maturities as the Authority will designate (and by lot within any maturity). For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the Bonds so called for redemption will have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date. All Bonds redeemed pursuant to the Indenture will be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or premium on Bonds, whether at redemption or maturity, will be held in trust for the account of the Owners thereof and the Trustee will not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

Book-Entry Only System

The Bonds will be issued as one fully registered bond certificate without coupons for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in integral multiples of $5,000. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners of the Bonds by the Authority or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See "APPENDIX D – DTC'S BOOK-ENTRY ONLY SYSTEM."

If such book-entry system is discontinued with respect to the Bonds, the Authority will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: The principal of, and redemption premium, if any, on the Bonds will be payable on the surrender thereof at maturity or the redemption date, as applicable, at the corporate trust office of the Trustee in Los Angeles, California. The interest on the Bonds will be payable by check or draft mailed by first class mail on each Interest Payment Date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the Record Date (*i.e.,* the 15th calendar day of the month preceding the Interest Payment Date); provided, that a registered owner of $1,000,000 or more in aggregate principal amount of Bonds may specify in writing to the Trustee on or before the applicable Record Date that the interest payment payable on each succeeding Interest Payment Date be made by wire transfer.

SECURITY FOR THE BONDS

General

The Authority and the City will enter into a Site and Facility Lease, dated as of [July] 1, 2021 ("Site Lease"), pursuant to which the City will lease the Leased Property to the Authority and concurrently will enter into a Lease pursuant to which the Authority will sublease the Leased Property back to the City. As security for the Bonds, the Authority will assign to the Trustee pursuant to the Assignment Agreement all of its rights, title and interest in the Lease (with certain exceptions) for the benefit of the Bondowners, including the right to receive Base Rental Payments to be made by the City under the Lease. Amounts of the scheduled Base Rental Payments are calculated to be sufficient in time and in amount to pay debt service on the Bonds. Base Rental Payments will be paid by the City to the Trustee, as annual rental for the use and possession of the Leased Property, on each Lease Payment Date.

The Bonds are payable from Revenues, which primarily consist of the Base Rental Payments payable by the City pursuant to the Lease. The City will covenant under the Lease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its annual budget and to make the necessary appropriations for any amount of Base Rental Payments and Additional Rental Payments. The obligation of the City to pay Base Rental Payments and Additional Rental Payments under the Lease will constitute a current expense of the City payable from any legally available funds.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

The obligation of the City to pay Base Rental Payments and Additional Rental Payments will be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of all or any portion of the Leased Property. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City's use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Property, and ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease shall be extended as provided in the Lease. To the extent that moneys are available for the payment of base rental payments in any of the funds and accounts established under the Indenture, such base rental payments shall not be abated but shall be payable by the City as a special obligation payable solely from such funds and accounts. See also "BONDOWNERS' RISKS – Abatement" and "– Risk of Uninsured Loss."

Additional Rental Payments

Under the Lease, in addition to Base Rental Payments, the City has agreed to pay Additional Rental Payments in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority's or the Trustee's interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums (if any), taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture. Such Additional Rental Payments shall be billed to the City by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

Covenant to Budget and Appropriate

The City has covenanted in the Lease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments, subject only to abatement as provided in the Lease.

The City will furnish to the Authority and the Trustee annually, on or before September 1, a certificate stating that it has complied with this covenant, as set forth in the Lease. The covenants on the part of the City contained in the Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

No Reserve Fund

The City will not fund a reserve fund for the Bonds.

Limited Obligation

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Insurance

Pursuant to the Lease, the City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Leased Property required by the Lease. Such insurance will consist of:

(1) Property insurance against loss or damage to all improvements situated on the Leased Property. The property insurance required by the Lease will be in an amount at least equal to the aggregate principal amount of the Outstanding Bonds, except when the Leased Property consists of all or a portion of the City's streets. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance; the City is not obligated to maintain earthquake insurance. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease;

(2) Standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City. Said policy or policies will provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid; and

(3) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this paragraph (3) may be satisfied by self-insurance.

If the City elects to provide self-insurance, the City shall annually cause to be delivered to the Trustee, upon request, a certificate of an Insurance Consultant certifying to the adequacy of the City's reserves for such insurance.

All policies or certificates of insurance shall name the City as a named insured and the Trustee as an additional insured. All proceeds of insurance maintained under paragraphs (1) and (3) above shall be deposited with the City and under paragraph (2) shall be deposited with the Trustee.

The City shall deliver to the Trustee on or before the Closing Date and each anniversary of the Closing Date a Certificate of the City that all insurance required under the Lease is in full force and effect. If the City obtains insurance through a pooled insurance program of governmental entities, an annual statement or memorandum of coverage delivered to the Authority and the Trustee will satisfy the requirements of this subsection.

Substitution of Leased Property

The City has the option at any time to substitute other real property (the "Substitute Property") for any portion of the Leased Property (the "Former Property") or release any identifiable real property and/or improvements currently constituting the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released); provided, that the City shall satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under the Lease or Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority and the Trustee, and cause to be recorded with the County Recorder, if necessary, sufficient memorialization of amendments to the Lease and the Site Lease with a description of such Substitute Property which deletes therefrom the description of the Former Property; provided, however, that this requirement shall not apply to Substitute Property that consists only of other streets or roadways of the City. Since the initial Leased Property consists of streets, the Lease and the Site Lease will not be recorded with the County. See "THE LEASED PROPERTY".

(c) The City shall obtain an extended California Land Title Association ("CLTA") policy of title insurance insuring the City's fee or leasehold estate in such Substitute Property, the City's leasehold estate hereunder, and the Authority's leasehold estate under the Site Lease in such Substitute Property, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal amount of the Outstanding Bonds; provided, however, that this requirement shall not apply to (i) Substitute Property that consists only of Former Property less any released portion; or (ii) consists only of other streets or roadways of the City;

(d) The City shall provide a Certificate of the City to the Authority and to the Trustee that such Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the City to violate any of its covenants, representations and warranties made in the Lease;

(f) The City shall file with the Authority and the Trustee a Certificate of the City or other evidence which establishes that the annual fair rental value of the Substitute Property after substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the useful economic life of the Substitute Property shall be at least equal to the maximum remaining term of the Lease; and

(g) The City shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the City and the Authority to the effect that the substitution or release is permitted under the Lease.

Upon the satisfaction of all such conditions precedent, and upon the City delivering to the Authority and the Trustee a Certificate of the City certifying that the conditions set forth in subsections (a), (c) and (e) above have been satisfied, the Term of the Lease shall thereupon end as to the Leased Property and shall thereupon commence as to the Substitute Property, and all references to the Leased Property shall apply with full force and effect to the Substitute Property. The City will not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal hereunder.

THE CITY

General

The City was incorporated in 1892 and adopted a charter in 1949. The City is located on the coastal edge of Los Angeles County, approximately 20 miles from downtown Los Angeles and approximately seven miles south of Los Angeles International Airport and spans 6.3 square miles. The City's population as of January 1, 2021 is 66,484. The City remains a mostly residential, non-industrial community. The median sales price of a home in the City is over $1,200,000 as calculated by Zillow in May 2021. The City provides a full range of municipal services. These include public safety (police and fire protection); recreation and community services; library; parks; maintenance and improvement of streets and infrastructure; planning and zoning; housing; economic development; transit and general government. The City also operates and maintains a large recreational and commercial harbor, including King Harbor, a 1,509-slip recreational boating harbor; the Redondo Beach Pier and Seaside Lagoon; and a 1.5 mile beach. The City has significant areas of employment and retail activity in the northern industrial complex anchored by Northrop Grumman, while the South Bay Galleria anchors the east end of the City. The Harbor/Pier and the Riviera Village made up of specialty shops and services is located at the south end of the City.

City Government

The City is divided into five districts and operates under a Council-Manager form of government. One councilperson is elected from each district and serves four year overlapping terms at elections held every two years. Each councilperson has a limit of two full terms. The Mayor is elected from the City at large, and is also limited to two full terms. Other elected officials are the City Treasurer, City Attorney and the City Clerk, serving terms of four years, but can be re-elected an unlimited number of times. The City Council is responsible for, among other things, passing ordinances, adopting the budget, and appointing the City Manager.

In addition to sitting as the governing board of the City, the Mayor and the City Council act as the Board of Directors for various component units of the City, including the Authority, the Redondo Beach Housing Authority, the Redondo Beach Public Financing Authority, the Parking Authority of the City of Redondo Beach and the Successor Agency to the Redevelopment Agency of the City of Redondo Beach. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for appointing heads of the City's various departments.

Current City Management staff include the following:

Joe Hoefgen, City Manager. Mr. Hoefgen was appointed City Manager in January 2015 by the Mayor and City Council following an open recruitment process. Prior to becoming the Interim City Manager in April 2014, he was the Redondo Beach Community Services Director for approximately three years. He previously served as the City Manager of Palos Verdes Estates (2007-2011) and as Assistant City Manager of Del Mar (1992-2007). His prior work experience includes service with the City of Encinitas, California and two cities in Texas, San Antonio and University Park. Mr. Hoefgen has a Bachelor of Science Degree in Education from Emporia State University and a Master of Public Administration Degree from the University of Kansas. Mr. Hoefgen serves on the Board of the Redondo Beach Chamber of Commerce, the Redondo Beach Round Table, and has volunteered with a number of civic and non-profit organizations over the years. Mr. Hoefgen recently announced that he will retire in November 2021. The City Council is still evaluating whether to hire a search firm to find a new City Manager.

Mike Witzansky, Assistant City Manager. Mr. Witzansky has served as Assistant City Manager for the City since January 2015. Prior to this, he served as the City's Public Works Director since July 2010, and prior to that served as the City's Recreation and Community Services Director beginning in January 2006. Before working for the City, Mr. Witzansky served as an Administrative Analyst and Senior Business Manager for the City of Torrance for approximately six years. Mr. Witzansky received a Bachelor of Arts degree in Politics from Pomona College. Mr. Witzansky is a member of the American Public Works

Association and is currently the Chairman of the Board of Directors for the Torrance Community Credit Union.

Marni Ruhland, Finance Director. Ms. Ruhland has served as the City's Finance Director since March 2018. Prior to her appointment, she served in various finance positions, including Assistant Financial Services Director from 2014-2018 with the city where she was previously employed since 1982. Ms. Ruhland received a Bachelor of Science degree in Business Administration from Biola University. Ms. Ruhland is a member of the California Society of Municipal Finance Officers and the Government Finance Officers Association. Ms. Ruhland is scheduled to retire at the end of June 2021, and the City is currently in the process of interviewing candidates for Finance Director.

CITY FINANCIAL INFORMATION

Budgetary Process; General Fund Budget

The City generally adopts the budget in June of each year; the Fiscal Year 2021-22 budget was adopted on June [___], 2021. The annual budget adopted by the City Council provides for the general operation of the City. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. Appropriations lapse at fiscal year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Capital Improvement Projects

The City adopts a five-year capital improvement program ("CIP"). The [proposed] Five-Year CIP for 2021-2026 proposes $7.2 million in projects. The City's established process for evaluating, reviewing and prioritizing future capital efforts focuses on enhancing the quality of existing public facilities, streets, sewers, and open spaces. The Fiscal Year 2021-22 capital budget continues the reinvestment in current infrastructure and includes significant funding for traffic calming projects, street rehabilitation, transit center reconstruction, park play equipment enhancements, and stormwater drainage and treatment projects.

The City completed 13 capital improvement projects in Fiscal Year 2020-21 and designed and/or awarded an additional 18 projects for execution in Fiscal Year 2021-22 for a total capital expenditure of approximately $12.0 million. The proposed Fiscal Year 2021-22 CIP again focuses on the rehabilitation of existing street, sewer, park, and public facility infrastructure. The proposed Fiscal Year 2021-22 CIP contains $37.1 million of carryover funding for 77 previously approved projects and $20.9 million of appropriations for 42 projects (13 of which are new to the Five-Year Plan), for a total Fiscal Year 2021-22 CIP of approximately $58 million and 90 projects. No debt is currently expected to be issued to fund these projects. The project breakout is summarized in the following table, with most of the City's capital funding designated to, and/or limited to, various street improvement projects, including resurfacing and reconstruction.

Project	Carryover Funding	New Appropriations	Total
Streets	$16,419,062	$11,248,279	$27,667,341
Sewer	9,275,555	425,000	9,700,555
Waterfront	5,054,774	4,155,000	9,209,774
Public Facilities	3,264,875	3,983,820	7,248,695
Parks	2,085,772	606,500	2,692,273
Drainage	983,533	500,000	1,473,533
General Improvements	8,993	0	8,993

General Fund Budget Summary

The following table shows the City's budget and actual results for General Fund revenues and expenditures for fiscal years 2018-19 and 2019-20, and the City's budget for fiscal year 2020-21.

Table 2
City of Redondo Beach
General Fund Budget Summary
Fiscal Years 2018-19 through 2020-21

	Fiscal Year 2018-19 Adopted Budget(1)	Fiscal Year 2018-19 Audited Actual(2)	Fiscal Year 2019-20 Adopted Budget(3)	Fiscal Year 2019-20 Audited Actual (4)	Fiscal Year 2020-21 Adopted Budget(5)	Fiscal Year 2020-21 Revised Budget(6)
Revenues:						
Taxes and assessments	$67,117,000	$68,143,559	$68,130,000	$66,386,725	$62,340,000	$63,270,000
Interdepartmental (7)	8,170,297	8,503,283	8,503,283	9,417,289	9,417,289	9,379,851
Licenses and permits	1,829,330	1,555,407	1,779,590	1,503,909	1,868,309	1,851,404
Intergovernmental	55,000	181,079	145,000	278,418	310,000	204,987
Charges for services (8)	8,124,533	8,337,355	8,545,865	7,003,574	8,184,705	6,743,285
Use of money and property	2,557,175	4,381,345	3,414,475	3,784,458	3,049,050	1,241,700
Fines, forfeitures	1,495,580	1,485,365	1,360,000	1,163,678	1,227,500	1,194,480
Miscellaneous	1,768,121	3,834,772	3,032,665	2,951,772	2,315,125	2,253,370
Total revenues	**$91,117,036**	**$96,422,165**	**$94,910,878**	**$92,489,823**	**$88,711,978**	**$ 86,139,077**
Expenditures:						
Current:						
General government	$11,469,207	$11,546,126	$13,448,847	$12,701,080	$11,153,807	$11,884,853
Public safety	58,753,162	57,609,081	60,841,974	60,204,007	59,947,664	60,559,600
Housing & community development	4,163,103	4,323,969	4,153,000	4,044,131	3,821,259	4,046,194
Cultural and leisure services	10,773,146	11,899,338	10,759,962	10,456,518	9,361,329	8,576,673
Public works	6,144,774	6,679,130	6,444,786	7,126,164	6,775,137	7,027,952
Capital Outlay	--	34,951	260,000	52,009	--	211,978
Total expenditures	**$91,303,392**	**$92,092,595**	**$95,908,569**	**$94,583,909**	**$91,059,196**	**$92,307,250**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$(186,356)**	**$4,329,570**	**$(997,691)**	**$(2,094,086)**	**$(2,347,218)**	**$(6,168,173)**
Other Financing Sources (Uses):						
Transfers in	$1,255,102	$735,658	$3,030,101	$1,526,718	$4,854,567	$6,264,369
Transfers out	(1,080,416)	(2,126,186)	(2,822,395)	(2,609,468)	(2,507,349)	(2,679,794)
Total Other Financing Sources (Uses)	**$174,686**	**$(1,390,528)**	**$207,706**	**$(1,082,750)**	**$2,347,218**	**$3,584,575**
Net Change in Fund Balance	(11,670)	2,939,042	(789,985)	(3,176,836)	--	(2,583,598)
Fund Balances, Beginning of Year	$17,783,934	$17,783,934	$20,722,976	$20,722,976	--	--
Fund Balances (Deficits), End of Year	**$17,772,264**	**$20,722,976**	**$19,932,991**	**$17,546,140**	**--**	**--**

Source: City of Redondo Beach, Finance Department
(1) As provided in the City's Annual Adopted Budget for fiscal year ended June 30, 2019.
(2) As provided in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.
(3) As provided in the City's Annual Adopted Budget for fiscal year ended June 30, 2020, adopted in June 2019.
(4) As provided in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.
(5) As provided in the City's Annual Adopted Budget for fiscal year ended June 30, 2021.
(6) As provided in the City's Third Quarter General Fund Financial Report for fiscal year ended June 30, 2021.
(7) Overhead paid to the General Fund.
(8) Consists of fees and charges for services including, but not limited to, parking meter fees, building and engineering fees and library charges.

Financial Statements

Set forth in the following pages are the City's General Fund balance sheets and statements of revenues, expenditures and changes in General Fund balance for the last five fiscal years, based on the City's audited financial statements. The balance sheets and statements presented in this Official Statement are subject to the various notes attached to the City's audited financial statements for the respective years. The City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2020, which includes the City's 2019-20 audited financial statements, is set forth in APPENDIX F.

Table 3
City of Redondo Beach General Fund Balance Sheets
Fiscal Years 2015-16 through 2019-20

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Assets:					
Pooled cash and investments	$16,986,478(1)	$12,518,776(1)	$8,638,657(1)	$10,530,222	$6,019,135
Receivables:					
Accounts receivable	709,684	596,287	662,862	426,811	1,383,561
Interest	111,632	151,635	165,334	299,781	249,918
Taxes	5,703,317	4,950,172	4,977,488	4,673,136	3,815,126
Notes and Loans	32,074	21,625	19,910	22,519	23,262
Prepaid costs	55,271	66,422	73,795	164,983	84,435
Due from other funds	2,456,835	2,052,987	2,790,711	2,827,384	5,518,469
Due from other governments	1,024,416	1,639,977	415,829	1,664,975	1,772,637
Advances to other funds	988,402	925,105	860,066	793,235	--
Restricted cash & investments with fiscal agents(2)	3,000,000	3,014,810	3,000,000	3,000,000	1,869,940
Total Assets	**$31,068,109**	**$25,937,796**	**$21,604,652**	**$24,403,046**	**$20,736,483**
Liabilities:					
Accounts payable	$601,868	$1,197,566	$862,693	$956,506	$490,450
Accrued liabilities	4,364,470	2,716,686	2,183,835	1,915,721	2,350,041
Pollution remediation liability	150,000	150,000	150,000	150,000	150,000
Unearned revenues	369,803	408,583	409,903	365,821	32,285
Deposits payable	241,111	141,172	144,160	279,329	164,939
Due to other funds(3)	4,050,000	2,450,000	6,210	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	**$9,777,252**	**$7,064,007**	**$3,756,801**	**$3,667,377**	**$3,187,715**
Deferred Inflows of Resources: Unavailable revenue	**$51,068**	**$370,440**	**$63,917**	**$12,693**	**$2,628**
Fund Balances:					
Nonspendable	$87,345	$88,047	$93,705	$980,737	$107,697
Restricted	3,000,000	--	--	--	--
Committed(4)	7,154,237	7,409,689	7,605,573	7,989,184	7,585,231
Assigned	9,303,536	10,587,139	9,431,007	10,999,817	9,149,145
Unassigned	1,694,671	418,474	653,649	753,238	704,067
Total Fund Balances (Deficits)	**$21,239,789**	**$18,503,349**	**$17,783,934**	**$20,722,976**	**$17,546,140**
Total Liabilities, Deferred Inflows & Fund Balances	**$31,068,109**	**$26,937,796**	**$21,604,652**	**$24,403,046**	**$20,736,483**

Source: City of Redondo Beach Comprehensive Annual Financial Reports for Fiscal Years 2015-16 through 2019-20.

(1) General Fund cash and investments have decreased primarily as a result of higher personnel costs with a reduced number of vacancies and with increased CalPERS retirement costs. Additionally, there were one-time transfers in Fiscal Year 2015-16 from the General Fund to create a Major Facilities Reconstruction Fund and an Open Space Acquisition Fund.

(2) $3 million in cash is held by a fiscal agent for a reserve fund established in connection with a financing guarantee by the City for the Marine Avenue hotels project. Due to the COVID-19 Pandemic and the impact on travel and hotel stays, the City drew on the reserve fund in Fiscal Year 2019-20. See "--Transient Occupancy Tax (TOT)" below.

(3) The City Council directs transfers of cash to other funds following the end of the fiscal year and the timing of such transfer varies. For example, in Fiscal Year 2017-18, cash was transferred retroactively to the end of the fiscal year. In Fiscal Years 2015-16 and Fiscal Year 2017-18, cash was not transferred until the following fiscal year although funds were due to the other funds as of the end of the fiscal year.

(4) The City's Statement of Financial Principles requires the City to maintain a committed fund balance for contingencies equivalent to 8.33%, (or one-month), of the General Fund's current fiscal year's operating expense budget.

Table 4
City of Redondo Beach
Statements of Revenues, Expenditures and Changes in General Fund Balance
Fiscal Years 2015-16 through 2019-20

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Revenues:					
Taxes	$64,304,427	$62,848,867	$67,115,547	$68,143,559	$66,386,725
Interdepartmental	8,176,790	8,292,178	8,170,297	8,503,283	9,417,289
Licenses and permits	1,766,741	1,755,119	1,801,502	1,555,407	1,503,909
Intergovernmental	111,661	47,498	52,230	181,079	278,418
Charges for services	7,643,605	7,255,317	7,795,165	8,337,355	7,003,574
Use of money and property	2,058,675	2,168,130	2,278,423	4,381,345	3,784,458
Fines and forfeitures	1,592,508	1,462,621	1,360,282	1,485,365	1,163,678
Miscellaneous	1,818,606	1,540,579	1,649,788	3,834,772	2,951,772
Total revenues	**$87,473,013**	**$85,370,309**	**$90,223,234**	**$96,422,165**	**$92,489,823**
Expenditures:					
Current:					
General government	$10,186,943	$10,535,983	$9,920,879	$11,546,126	$12,701,080
Public safety	49,406,073	52,384,559	56,565,491	57,609,081	60,204,007
Public works	6,700,223	6,905,789	6,701,108	4,323,969	4,044,131
Housing & community development	3,340,154	3,447,052	3,909,355	11,899,338	10,456,518
Cultural and leisure services	11,001,375	11,265,379	11,590,846	6,679,130	7,126,164
Capital Outlay	17,616	15,198	325,926	34,951	52,009
Total expenditures	**$80,652,384**	**$84,553,960**	**$89,013,605**	**$92,092,595**	**$94,583,909**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$6,820,629**	**$816,349**	**$1,209,629**	**$4,329,570**	**$(2,094,086)**
Other Financing Sources (Uses):					
Transfers in	$87,222	$352,366	$197,465	$735,658	$1,526,718
Transfers out[(1)]	(8,784,614)	(3,905,155)	(2,126,509)	(2,126,186)	(2,609,468)
Total Other Financing Sources (Uses)	**$(8,697,392)**	**$(3,552,789)**	**$(1,929,044)**	**$(1,390,528)**	**$(1,082,750)**
Net Change in Fund Balance	(1,876,763)	(2,736,440)	(719,415)	2,939,042	(3,176,836)
Fund Balances, Beginning of Year	$23,116,552	$21,239,789	$18,503,349	$17,783,934	$20,722,976
Fund Balances (Deficits), End of Year	**$21,239,789**	**$18,503,349**	**$17,783,934**	**$20,722,976**	**$17,546,140**

Source: City of Redondo Beach Comprehensive Annual Financial Reports for Fiscal Years 2015-16 through 2019-20.
(1) Transfers from the General Fund for capital improvement project funding, subsidies of the Street Landscaping and Lighting Fund, and funding for future major facilities reconstruction and open space acquisition vary from year to year in accordance with the capacity of the General Fund in light of competing funding interests.

Primary General Fund Revenue Sources

Property tax, sales tax and transient occupancy tax are typically the top three sources of revenue deposited in the General Fund. However, in Fiscal Year 2019-20, transient occupancy tax dropped from the third largest source of revenue to the fifth largest source of revenue due to the COVID-19 pandemic and the restrictions on, and hesitancy to, travel. For Fiscal Year 2019-20, the top three sources of revenue were property tax, sales tax and vehicle license fees. See "-Impact of COVID-19 Pandemic" below and "RISK FACTORS – COVID-19 Pandemic."

The table below provides the amount of property tax, sales tax, transient occupancy tax, vehicle license fee, and utility users tax revenues, which are the largest General Fund revenues, and the percentage of

General Fund revenues that each represents for Fiscal Year 2017-18 through 2019-20, as well as projected for Fiscal Year 2020-21.

Table 5
City of Redondo Beach
Largest General Fund Tax Revenues
Fiscal Years 2017-18 through 2019-20

	2017-18		2018-19		2019-20		2020-21[2]	
Revenue Source	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues
Property Tax [1]	$26,547,311	29.4%	$27,883,984	28.9%	$29,167,135	31.5%	$29,900,000	34.7%
Sales Tax	10,185,208	11.3	10,578,527	11.0	9,716,883	10.5	9,340,000	10.8
Transient Occupancy Tax	9,172,934	10.2	8,816,739	9.1	6,335,445	6.9	2,700,000	3.1
Vehicle License Fee	7,187,073	8.0	7,557,331	7.8	7,952,004	8.6	8,405,000	9.8
Utility Users Tax	6,928,129	7.7	6,757,622	7.0	6,824,873	7.4	6,400,000	7.5

Source: City of Redondo Beach
(1) Excluding homeowners' exemptions
(2) Projected.

Impact of COVID-19 Pandemic

The fiscal climate of the City changed significantly beginning in the last quarter of Fiscal Year 2019-20 as a result of the COVID-19 pandemic. The mandated closure of several businesses and occupancy limits have had an adverse impact on the City's sales tax and transient occupancy tax revenue.

With the onset of the COVID-19 pandemic, much of the City's economic development efforts focused on finding creative ways to allow the local business community to continue to operate within the regulatory framework set for by the State of California and the Los Angeles County Department of Public Health. The City approved "parklets" that provide outdoor space for local business to operate. In addition, the City provided grant funding to ensure these parklets could be modified to operate during the fall and winter. During the initial stages of the pandemic, the Redondo Beach Pier and adjacent areas were closed by the County Department of Public Health. In response to the regulatory framework, the City instituted a Temporary Use Permit for businesses at the Pier to allow them to use portions of the public right of way to set up outdoor dining and retail areas. This program was quite successful with nearly every business at the Pier participating in some capacity.

In spite of the COVID-19 pandemic, property values (and related tax revenue) in the City continue to grow driven in large part by the City's close proximity to the Los Angeles Airport (LAX), the Silicon Beach jobs center, the community's high quality of life, and the continued excellence and success of the Redondo Beach Unified School District. A primary negative General Fund revenue trend that continues to persist through Fiscal Year 2020-21 is the decline of sales tax revenue, which is driven in large part by the continued deterioration of the South Bay Galleria that began with the departure of Nordstrom department store in 2015. As noted earlier, this trend was further exacerbated starting in the Spring of 2020 due to the impacts of the business closures and capacity limits mandated by the State and Local COVID-19 related emergency orders. See "--Sales Taxes" below.

Federal COVID-19 funding. On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided $2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a $500 million allocation to provide to cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive an allocation of the CARES Act funding in the amount of $827,184. The funding was received in six monthly installments of $137,864, with the first installment received by the City in July 2020. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

On March 11, 2021, the President signed the $1.9 trillion American Rescue Plan Act of 2021. Approximately $350 billion of these funds are dedicated to eligible state, local, territorial and Tribal governments. The allocation to the City is $6,801,080.00, with the first half paid to the City in Fiscal Year 2020-21 and the second half 12 months later. According to the Treasury's Interim Final Rule, the money can only be used in the following ways:

a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

d) To make necessary investments in water, sewer, or broadband infrastructure.

In addition, Congress clarified two types of uses which do not fall within these four categories: (1) funds may not be used for, depositing funds into any pension fund and (2) eligible uses do not include directly or indirectly offsetting a reduction in the net tax revenue of a state or territory resulting from a change in law, regulation, or administrative interpretation.

Property Taxes

The City's largest revenue source, property tax, is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property) located within the City. Property is initially assessed by the County Assessor at a tax rate of 1.0% of the assessed value. The assessed value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduced in the event of declining property value. The City receives revenues equal to 16.5% of the tax rate from the County of Los Angeles - Auditor/Controller's Office, or the equivalent of 16.5 cents out of each dollar of property tax collected through property tax bills. See "LIMITATIONS ON REVENUES AND APPROPRIATIONS - Property Tax Limitations - Article XIIIA".

The City's property tax valuations continue to rise. As shown in the table below, the Fiscal Year 2020-21 citywide assessed valuation experienced a positive change of $1.064 billion, or 6.0%, to $18.6 billion. The City's assessed valuation amount is derived 82.2% from residential properties, 8.3% from commercial properties, 3.4% from industrial properties, and the remaining 6.1% from vacant, institutional, and other properties. During Fiscal Year 2019-20, property tax revenue (including homeowners' exemptions) increased $1,283,141, or 4.6%, to $29.3 million. For Fiscal Year 2020-21, the City is projecting a property tax revenue (including homeowners' exemptions) increase of $727,880, or 2.5%, to $30.0 million. This increase reflects the continued improving housing market resulting from low mortgage interest rates and the City being a desirable location. Improvements are seen in the median sale price of a single-family home in Redondo Beach at an all-time high of $1,245,000 (an $80,000 or 6.9% increase). Economic and other factors beyond the City's control, such as economic recession, deflation or land values, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City.

A summary of the City's assessed values (secured and unsecured) of taxable property for the last ten fiscal years is as follows:

Table 6
Assessed Valuation
Fiscal Years 2011-12 to 2020-21

Fiscal Year	Secured Valuation	Unsecured Valuation	Total Valuation	Percent Change of Total Valuation
2011-12	$11,717,916,944	$486,734,540	$12,204,651,484	1.34%
2012-13	11,987,533,462	541,195,068	12,528,728,530	2.66
2013-14	12,486,505,650	518,215,050	13,004,720,700	3.80
2014-15	13,137,460,065	480,184,831	13,617,644,896	4.71
2015-16	13,796,271,161	493,995,367	14,290,266,528	4.94
2016-17	14,605,975,878	448,927,228	15,054,903,106	5.35
2017-18	15,414,582,786	503,734,023	15,918,316,809	5.74
2018-19	16,247,772,674	502,134,122	16,749,906,796	5.22
2019-20	17,060,014,848	521,213,745	17,581,228,593	2.05
2020-21	18,086,547,437	559,594,692	18,646,142,129	6.06

Source: City of Redondo Beach, based on information provided by the Los Angeles County Auditor-Controller.

Taxable valuation within the City is established by the Los Angeles County Assessor, except for utility property, which is assessed by the State Board of Equalization. Article XIIIA of the State Constitution provides that, beginning with the 1978-79 Fiscal Year, property taxes in California are limited to one percent of full cash value, except for taxes to pay debt service on indebtedness approved by the voters prior to July 1, 1978. Article XIIIA defines full cash value as the County Assessor's valuation of real property as shown on the 1975-76 tax bill ("base year"), except in the case of newly-constructed property or property which undergoes a change in ownership. Yearly taxable value increases following the base year are limited to the growth in the consumer price index, but may not exceed two percent annually. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Proposition 13 Limitations. Article XIIIA of the State of California Constitution imposes limits on annual adjustments to real property assessed values and to the amount of *ad valorem* tax that may be levied on real property. See "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIIIA."

ERAF. In response to California's past severe financial and budgetary distress, the State Legislature adopted legislation impacting the City's allocation of revenues from property taxes, including, in particular, provisions relating to the Education Revenue Augmentation Fund ("ERAF"). Beginning in Fiscal Year 1992-93 and in various fiscal years thereafter, the State required local governments to remit a portion of their property tax revenues to ERAF. The Fiscal Year 2005-06 state budget required a $13 billion shift from local governments to ERAF. While the State budgets for each of Fiscal Years 2006-07 through 2020-21, as well as the proposed Fiscal Year 2021-22 budget, did not contain provisions for additional ERAF property tax shifts from cities (although the 2008-09, 2009-10, and 2010-11 State Budgets contained provisions for additional ERAF property tax shifts from redevelopment agencies), there can be no assurance that future State Budgets will not require additional ERAF property tax shifts from the City.

Tax Levies and Delinquencies. Taxes are levied by Los Angeles County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Effective July 1, 1983, real property that changes ownership or is newly constructed is reassessed at the time the change in ownership occurs or the new construction is completed. If the property is reassessed at a higher value, one or more supplemental tax statements will be added to the annual tax bill. If the property is reassessed at a lower value, the property owner may receive a refund.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. If the first installment is not paid by December 10, a ten percent delinquent penalty is added to any unpaid balance. If the second installment is not paid by April 10, a ten percent penalty plus a charge of $10 is added to the unpaid balance. Since supplemental tax bills are mailed throughout the year, they may or may not be due or delinquent at the same time as annual tax bills. The same penalties and charges accrue for delinquent supplemental taxes as for delinquent annual taxes.

For counties that have adopted the Teeter Plan (an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code), local agencies would receive 100 percent of the amount of the taxes due to such agencies regardless of any default in payment of such taxes from property owners. Los Angeles County has not adopted the Teeter Plan.

Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent of the unpaid tax per month to the time of redemption, plus costs and a redemption fee. If taxes remain unpaid for a period of five years following tax default, the property becomes subject to the County Tax Collector's power of sale. Properties may be redeemed under an installment plan by paying the current year's taxes, plus an initial payment of twenty percent of the redemption amount and an installment setup fee. The installment plan of redemption allows for the payment of delinquent taxes over a five-year period beginning the date the installment plan account is opened. An installment plan account can be opened any time after the property becomes tax defaulted and within five years of that date. After the five-year period an installment plan account may not be opened, as the property becomes subject to the County Tax Collector's power of sale.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31 and are thereafter subject to a ten percent penalty plus a collection fee. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

A summary of the City's property tax levies and collections for the last ten fiscal years is as follows:

Table 7
CITY OF REDONDO BEACH
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years Ending June 30

Fiscal Year (ending June 30)	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy
2011	$25,809,271	$25,195,837	97.62%	$829,417	$26,025,253	100.84%
2012	26,025,500	25,493,811	97.96	586,821	26,080,632	100.21
2013	27,652,911	27,193,269	98.34	567,962	27,761,231	100.39
2014	29,413,514	28,953,089	98.43	487,130	29,440,219	100.09
2015	31,503,828	31,035,789	98.51	451,369	31,487,158	99.95
2016	32,883,797	32,440,070	98.65	405,762	32,845,833	99.88
2017	34,125,966	33,690,049	98.72	388,499	34,078,548	99.86
2018	35,718,202	35,230,091	98.63	383,301	35,613,392	99.71
2019	37,267,914	36,719,102	98.53	364,627	37,083,729	99.51
2020	39,182,819	38,271,140	97.67	404,113	38,675,253	98.70

Source: City of Redondo Beach, based on information provided by the County of Los Angeles 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.

Top Tax Payers. The top ten taxpayers, based on local secured and unsecured assessed values of taxable property in the City, as shown on the Fiscal Year 2020-21 tax roll, are set forth in the following table:

Table 8
CITY OF REDONDO BEACH
TOP TEN TAXPAYERS
Fiscal Year Ended June 30, 2021(1)

Taxpayer	Business Category	2020-21 Assessed Valuation	Percentage of Total Assessed Valuation
Northrop Gruman Systems Corporation	Aerospace Company	$533,495,194	2.86%
South Bay Center SPF LLC	Shopping Center	400,132,097	2.15
The Kobe Group Inc.	Apartment Building	79,468,269	0.43
Noble House Recp Hotel Venture LLC	Hotel	73,343,336	0.39
Redondo Distribution Center LLC	Warehouse/Distribution	55,961,741	0.30
Redondo Owner LLC	Assisted Living	54,566,568	0.29
HPT IHG 2 Properties Trust	Hotel	53,578,459	0.29
AES Redondo Beach, LLC	Power Plant	52,098,844	0.28
LPF Redondo Beach Inc.	Strip Mall	51,294,682	0.28
MPG Doolittle 1 LLC Et Al	Real Estate	49,500,000	0.27
	Total	**$1,403,439,190**	**7.53%**

Source: City of Redondo Beach based on data from Los Angeles County.

Note: The amounts shown above include assessed value data for both the City and the Successor Agency (former Redevelopment Agency)

(1) Based on sales through April 30, 2021.

Sales Taxes

The City's second largest revenue source is sales tax. The sales tax rate in the City is 9.50%. Redondo Beach receives 1% of taxable sales from the State Department of Tax and Fee Administration. Fiscal Year 2015-16 was the final year of the revenue swapping procedure commonly referred to as the "triple flip". With the triple flip, twenty-five percent of the City's traditional sales tax base was committed to the State for deficit reduction bonds and backfilled with the same amount but distributed on the same basis as property tax revenue to the City.

The departure of Nordstrom from the City to a neighboring city at the end of calendar year 2015 has greatly impacted sales tax revenue, including a one-time negative adjustment made by the State Board of Equalization in Fiscal Year 2016-17. Another negative impact to Fiscal Year 2017-18 and Fiscal Year 2018-19 sales tax revenue was the State's transition to a new software and reporting system which caused a delay in the processing of payments.

The City received $9.72 million in sales tax revenue in Fiscal Year 2019-20, a decrease over the previous Fiscal Year 2018-19 sales tax revenue of $10.06 million. Sales tax revenue decreased substantially in Fiscal Year 2019-20 due to the COVID-19 pandemic-related economic conditions. The lack of sales in the categories of restaurants and hotels, general consumer goods, autos and transportation, and fuel and service stations were the major contributors to the decline in revenue while online and food and drug sales somewhat tempered the losses.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions is presented in the following table.

Table 9
City of Redondo Beach
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable Transactions in Thousands of Dollars)

	Retail Stores		Total All Outlets	
Calendar Year	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015	1,661	$870,917	2,523	$979,068
2016	1,621	798,729(1)	2,483	916,566
2017	1,640	792,499	2,529	914,234
2018	1,634	764,376	2,641	894,773
2019(2)	1,660	768,946	2,717	902,091

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Reflects the departure of Nordstrom from the City at the end of calendar year 2015.
(2) Latest data available.

The following table provides a summary of taxable transactions by category in the City for calendar years 2016 through 2020.

Table 10
CITY OF REDONDO BEACH
TAXABLE TRANSACTIONS
(In Thousands)

	2016	2017	2018	2019	2020
Motor Vehicle and Parts	$75,868	$79,050	$57,806	$55,433	$57,083
Home Furnishings & Appliances	61,264	59,289	51,819	50,552	40,208
Building Material and Garden	6,998	7,487	7,813	7,617	7,716
Food & Beverage Stores	88,743	91,446	92,409	94,315	113,251
Gasoline Outlets	49,983	49,869	57,814	60,398	35,896
Clothing	111,701	101,277	93,898	94,269	46,649
General Merchandise stores	96,726	91,690	92,986	88,780	68,317
Food Services & Drink	218,379	224,578	226,182	235,463	158,810
Other retail stores	89,067	87,813	83,649	82,119	71,552
Total Retail Stores	798,729	792,499	764,376	768,946	599,482
All Other Outlets	117,837	121,735	130,397	133,145	93,156
Total All Outlets	916,567	914,234	894,773	902,091	692,638

Source: California State Board of Equalization Statistical Research and Consulting Division for calendar years 2016 and 2017. City of Redondo Beach, based on data from California Department of Tax and Fee Administration, Statistical Research and Consulting Division for calendar years 2018 through 2020.

Largest Sales Taxpayers. The 25 largest payers of sales taxes in the City for Fiscal Year 2019-20 comprised 44% of sales tax revenue in the City. The following is a table of the 25 largest sales taxpayers in the City in alphabetical order for Fiscal Year 2019-2020:

Table 11
CITY OF REDONDO BEACH
25 LARGEST SALES TAXPAYERS
Fiscal Year 2019-20

Aramark Services	Petco
Bluewater Grill	Platinum Auto Haus
Cheesecake Factory	Ralphs
Chevron	Rite Aid
Del Amo Motorsports	Shell
Ferguson Enterprises	Smart & Final
Hertz Rent A Car	Target
In N Out Burger	TJ Maxx
Kohls	Total Wine & More
Living Spaces Furniture	Ulta Beauty
Macys	United Oil
Nordstrom Rack	Vons
Northrop Grumman	

Source: City of Redondo Beach

Transient Occupancy Tax

In most years, the City's third largest revenue source is transient occupancy tax ("TOT"). However due to the COVID-19 Pandemic, TOT was the City's fifth largest revenue source in Fiscal Year 2019-20. TOT is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities, unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill at a rate of 12%, which was increased 2% in July 2005, and substantially enhanced revenues. Through Fiscal Year 2016-17, generally 10% of the TOT received by the City was contributed to the Redondo Beach Chamber of Commerce and Visitors Bureau to support marketing and tourism in the City. This amount is not netted against revenues, but rather reflected in the City's expenditures.

In 2012, the City entered into transactions with a developer to develop three hotels located on Marine Avenue adjacent to the 405 freeway, known as the Marriott Residence Inn, the Hilton Garden Inn and the Homewood Suites Hotel (the "Marine Avenue Hotels"). In order to provide adequate security for the construction loans for the Marine Avenue Hotels project, in addition to the developer's $1 million reserve, the City agreed to apply a portion of the TOT revenues and real property taxes to be received by the City generated from the Marine Avenue Hotels to create a reserve account. For the Marine Avenue Hotels, 8.33% of the TOT received by the City was contributed and netted against revenues until the reserve account became fully funded at $3 million in Fiscal Year 2016-17.

The City's TOT revenue was experiencing positive growth prior to the onset of the COVID-19 pandemic. In Fiscal Year 2015-16, the Marine Avenue Hotels reserve account requirement was reduced from $8.5 million to $3.0 million which allowed the City to begin receiving, in March 2016, the TOT revenue. Additionally, the $3.0 million reserve account was recorded for the first time on the City's books as a one-time revenue with the fund balance impact classified as restricted. Fiscal Year 2016-17 revenue included the first full year's TOT revenue from two of the Marine Avenue Hotels (Marriot Residence Inn and the Hilton Garden Inn), and Fiscal Year 2017-18 revenue included the first full year's TOT revenue from the new Homewood Suites Hotel on Marine Avenue and the Shade Hotel on the waterfront. In the event the developer is unable to pay debt service on its Marine Avenue Hotels loans, the developer's $1 million reserve would be accessed first before the City's $3 million reserve would be accessed. In such event, the City would be required to replenish the reserve from the TOT and property taxes generated from the Marine Avenue Hotels up to a maximum of $2.5 million per year.

Fiscal Year 2019-20 decreased revenue of $6.3 million reflects closed and nearly empty hotels during the final quarter of the fiscal year as a result of the Pandemic, together with drawdowns of the Marine Avenue hotel reserve account. See Table 3, footnote 2 under "CITY FINANCIAL INFORMATION - Financial Statements."

Vehicle License Fee

Typically, the City's fourth largest revenue source is vehicle license fees ("VLF"). However, due to the decline in TOT revenue resulting from hotel stay declines due to COVID-19 related travel restrictions and hesitancy to travel, VLF revenues were larger than TOT revenues resulting in the third largest revenue source for the City in Fiscal year 2019-20. In Fiscal Year 2019-20, VLF revenue totaled $8.0 million, increasing $394,673, or 5.2%, from the prior year. These increases comprise gains in both property tax in lieu of VLF and motor vehicle in-lieu tax revenues of $373,445 and $21,228, respectively.

VLF (property tax in lieu of VLF and motor vehicle in-lieu tax) and is imposed by the State on owners of registered vehicles for the privilege of operating a vehicle on public highways. A portion of the tax is disbursed to cities based on the proportion that the population of each city bears to the total population of all cities in the State (a per capita formula). The license fee paid to the State by vehicle owners is 0.65% of the market value of the motor vehicle; however, cities are due 2% of the market value of the motor vehicle. Since there is a discrepancy of 1.35% in what the State collects and what cities are due, the State backfills the additional 1.35% from its General Fund in the form of property tax revenue. Since Fiscal Year 2011-2012, the City has seen increased VLF revenue due to the growth in property tax in lieu of VLF with relatively flat motor vehicle in-lieu tax.

Utility Users Tax

Typically, the City's fifth largest revenue source is utility users' tax ("UUT"). However, due to the decline in TOT revenue resulting from hotel stay declines due to COVID-19 related travel restrictions and hesitancy to travel, UUT revenues were larger than TOT resulting in the fourth largest revenue source for the City in Fiscal year 2019-20. UUT revenue for Fiscal Year 2019-2020 totaled $6.8 million, reflecting an increase from the prior year of $67,251 or 1.0%.

UUT is imposed on consumers of electric, gas, cable services, water and telephone services. Federal and state governmental agencies and pay telephone users are exempt. Each city sets its UUT rate, and the City's rate is 4.75%. The City placed a measure on the March 2009 ballot to extend its existing UUT to include additional forms of telecommunications without increasing the tax rate. This measure was approved by 75% of the voters. Therefore, the long-term viability of telecommunications-based UUT revenue has been secured. Additionally, in response to AB 1717 and as approved by the State Board of Equalization, the City began collecting UUT from the sale of prepaid wireless devices in Fiscal Year 2015-16. There is no sunset on the UUT.

Fiscal Year 2020-21 Adopted Budget

The City Council adopted the Fiscal Year 2020-21 Adopted Budget in June 2020.

General Fund Revenues

General Fund revenues were projected to decrease by $8,055,764, or the equivalent of 8.4%, in Fiscal Year 2020-21. The below table shows the primary revenue sources along with the percent change compared to the Fiscal Year 2019-20 midyear report.

	2019-20 Midyear Projected General Fund Revenues	2020-21 Budget Projected General Fund Revenues	Percent Change
Property Tax	$29,000,000	$29,200,000	0.7%
Sales Tax	10,600,000	9,340,000	-11.9
Transient Occupancy Tax	8,700,000	2,850,000	-67.2
Property Tax in Lieu of VLF	7,875,000	8,150,000	3.5
Utility Users Tax	6,700,000	6,400,000	-4.5
Property Transfer Tax	2,800,000	2,500,000	-10.7
Parking Meter Fees	2,300,000	2,070,000	-10.0
Franchise Fees	1,700,000	1,700,000	0.0
Parking citations	1,250,000	1,125,000	-10.0
Business License Tax	1,300,000	1,250,000	-3.8
Other	16,860,953	14,415,189	-14.4
Total Revenue from Outside Sources	**$87,055,953**	**$79,000,189**	-9.2
Overhead Charges	9,417,289	9,417,289	0.0
Total Revenue	**$96,473,242**	**$88,417,478**	**-8.4**

Property Tax. Property tax (increasing 0.7%), and the related property tax in lieu of VLF (increasing 3.5%), are the only revenue sources that were expected to increase from the 2019-20 midyear estimates.

Sales Tax. The pandemic-related economic conditions have had an immediate and continuing effect on sales tax revenues with the lack of sales in the categories of restaurants and hotels, general consumer goods, business and industry, and autos and transportation contributing to the anticipated 11.9% decline in Fiscal Year 2020-21.

Transient Occupancy Tax. The City's General Fund revenue source most impacted by the COVID-19 pandemic is transient occupancy tax. Closed and nearly empty hotels were projected to remain in effect through Fiscal Year 2020-21. Both greatly reduced occupancy and reduced average daily room rates are reflected in the revenue's 67.2% decrease.

Utility Users' Tax. Utility users' tax was projected to decrease by 4.5% as the decreased usage of utilities (primarily water and electric) during the pandemic-related business closures is not offset by the increased residential usage as more individuals work from home.

Together, these four revenue sources comprise approximately 55% of the City's General Fund revenue and, when combined with other reduced General Fund revenues, account for a total loss from the Fiscal Year 2019-20 midyear projections of approximately $8 million.

General Fund Expenditures

Fiscal Year 2020-21 General Fund expenditures were projected to total $96,711,993. This represents no increase in expenditure levels compared to the midyear Fiscal Year 2019-20 budget as reflected in the following table:

	2019-20 Midyear Projected General Fund Expenditures	2020-21 Budget Proposed General Fund Expenditures	Percent Change
Personnel	$63,078,025	$63,971,807	1.4%
Maintenance and Operations	8,317,194	7,635,405	-8.2
Subtotal	71,395,219	$71,607,212	0.3
Internal Service Fund Allocations	25,104,781	25,104,781	0.0
Capital Outlay	260,000	--	-100.0
Total Expenditures	**$96,760,000**	**$96,711,993**	**0.0**

The Proposed General Fund expenditures for Fiscal Year 2020-21 were $71,607,212, excluding internal service fund allocations and capital outlay. This represents a decrease of $48,007 when compared to the midyear budget for Fiscal Year 2019-20. Decreases from the inclusion of one-time appropriations in the midyear amounts nearly offset the increased ongoing appropriations in the proposed amounts. The Fiscal Year 2019-20 one-time appropriations include funding for employee wage and benefit increases, homeless issues, tree trimming, and parking meter replacements. The Fiscal Year 2020-21 increased ongoing appropriations include funding for the CalPERS unfunded liability payment and public safety wage and benefit increases.

• Personnel costs were projected to increase by 1.4% to $63,971,807 with the Fiscal Year 2019-20 onetime appropriations for employee wage and benefit increases more than offset the Fiscal Year 2020-21 higher costs for CalPERS costs and ongoing public safety wage and benefit increases.

• 432 positions are included in the core budget compared to the City's peak number of 522 in Fiscal Year 1990-91; however, staff is recommending reducing the full-time positions to 398.

• Maintenance and operations and capital outlay costs do not increase from midyear amounts unless recommended by the City Manager for a specific purpose.

• Maintenance and operations expenses have decreased since the Fiscal Year 2019-20 midyear budget with the inclusion of one-time appropriations in the midyear amounts.

• Internal service fund allocations were adjusted with the Fiscal Year 2019-20 midyear budget review and will not be adjusted again until the Fiscal Year 2020-21 midyear budget review unless recommended by staff.

3rd Quarter Projections for Fiscal Year 2020-21

As of March 31, 2021 (with 75% of the fiscal year 2020-21 complete), General Fund revenues were at 61.3% of budgeted projections and expenditures were at 72.8%, as shown in the table below. Revenues and expenditures are generally on target based on past fiscal year trends through the third quarter.

General Fund Balance	FY 2020-21 Adjusted Budget [3]	FY 2020-21 YTD Actual[4] 3rd Quarter	FY 2020-21 Percent of Budget
Beginning Balance[1]	$ 2,583,598	$ 2,583,598	100.0%
Revenue	86,139,077	52,822,259	61.3
Expenditures	92,307,250	67,195,333	72.8
Transfer In	6,264,369	1,650,837	26.4
Transfers Out	2,679,794	1,650,837	61.6
Ending Balance [2]	--	(11,789,749)	n/a

Source: City of Redondo Beach

(1) The beginning balance presented in the following schedule is from the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. This beginning balance includes only non-spendable amounts for prepaid costs; assignments for encumbrances and carryovers; and unassigned fund balance.

(2) The ending balance is expected to change due to the timing of revenue receipts.

(3) The adjusted budget presented in the following schedule includes all adjustments made by the City Council as of March 31, 2021, including carryover appropriations approved in November and midyear adjustments approved in February.

(4) The year-to-date ("YTD") actual revenues and expenditures reflect those received or expended by March 31, 2021. Revenues are most affected by timing issues.

As of March 31, 2021, the City has received 61% of the City's Fiscal Year 2020-21 budgeted amounts for its top ten general fund revenue sources, which is slightly higher than the same time period in Fiscal Year 2019-20. The City anticipates that for Fiscal Year 2020-21, property tax revenues will exceed projections by approximately $200,000 and that sales tax revenues will exceed projections by approximately $50,000, primarily due to increased online sales. With changes to COVID-19 related restrictions on travel and large gatherings eased in the final quarter of Fiscal Year 2020-21, the City projects TOT revenues could exceed budgeted projections by up to $100,000. The City projects expenditures for Fiscal Year 2020-21 to be in line with budgeted amounts.

Top Ten Revenues	FY 2020-21 Adjusted Budget	FY 2020-21 YTD Actual 3rd Quarter	FY 2020-21 Percent of Budget
Property Tax [1]	$29,900,000	$17,377,963	58.1%
Sales Tax [2]	9,340,000	5,624,421	60.2
Transient Occupancy Tax	2,700,000	1,922,276	71.2
Property Tax in Lieu of VLF [3]	8,375,000	4,188,095	50.0
Utility Users Tax [4]	6,500,000	4,479,587	68.9
Property Transfer Tax [5]	2,500,000	2,097,127	83.9
Parking Meter Fees	2,300,000	1,735,852	75.5
Franchise Fees [6]	1,650,000	688,295	41.7
Business License Tax	1,250,000	951,667	76.1
Parking Citations [7]	1,075,000	918,913	85.5
Total	**$65,590,000**	**$39,984,196**	**61.0%**

Source: City of Redondo Beach

(1) The fiscal year's largest secured property tax apportionment is not received until April.

(2) The final two current year sales tax remittances are not received until after the end of the fiscal year (in July and August). The City's sales tax consultant is projecting that Fiscal Year 2020-21 sales tax revenue will exceed the adjusted budget estimate by approximately $50,000.

(3) Annual property tax in lieu of VLF revenue is distributed in just two payments. Those distributions are made in January and May of each year.

(4) With utility users' tax paid in arrears monthly and March's revenue not received until April, there is potential for this revenue source to exceed the budgeted amount.

(5) The City anticipates that this revenue source will exceed the budgeted amount as third quarter year-to-date actuals, which reflect property transfers only through February, are greater than the expected 75% of budget.

(6) Because franchise fees are calculated on a completed quarterly basis, the third quarter's revenue will not be received until the fourth quarter.

(7) The City anticipates parking citation revenues to exceed the budgeted amount.

Proposed Fiscal Year 2021-22 Budget

The City is currently reviewing the Proposed Budget for Fiscal Year 2021-2022. The total annual budget for all funds is $174.1 million, including the total General Fund budget of $96.9 million. General Fund revenues are projected to increase by $5.9 million, or 6.8%, in Fiscal Year 2021-2022. Property taxes constitute the largest single source of General Fund revenue and show a 4.7% gain, reflecting an incremental improvement in property values as assessed in calendar year 2020 partially offset by an anticipated decrease in Successor Agency residual distributions due to a court ruling allowing the County to retain a greater percentage of the revenue. Sales tax is the second largest source of General Fund revenue and is projected to increase 8.5% to nearly pre-pandemic levels. Transient occupancy taxes (TOT) were hardest hit by the COVID-19 closures and restrictions. TOT revenue, even with a 40.7% increase, will remain well below amounts received in Fiscal Year 2018-2019 and prior years. The City projects most other large General Fund revenue sources will increase, although not to pre-pandemic levels.

Federal funds from the American Rescue Plan Act of 2021, which the City will be receiving will help balance the Fiscal Year 2021-2022 budget. The City will be receiving $6.8 million, with the first half to come in Fiscal Year 2020-2021 and the second half twelve months later. Staff is recommending the funds be used to offset lost General Fund revenues in each of the fiscal years as well as those in the Harbor Uplands Fund. See "CITY FINANCIAL INFORMATION -- Impact of COVID-19 Pandemic."

The General Fund revenue projections for Fiscal year 2021-22 exceed Fiscal Year 2020-21 midyear review numbers by $5.9 million. The table below show the revenue projections for Fiscal Year 2021-22 as compared to the Fiscal Year 2020-21 midyear actual numbers:

General Fund Revenue Projections

	Fiscal Year 2020-21 Midyear Review	Fiscal Year 2021-22 Proposed	Variance
Sales Taxes	$9,450,000	$10,250,000	$800,000
Property Taxes	29,900,000	31,000,000	1,100,000
Primary Revenues	$39,350,000	$41,250,000	$1,900,000
Transient Occupancy Tax	2,700,000	4,100,000	1,400,000
Other Revenues	34,679,226	37,262,307	2,583,081
Total Revenue from Outside Sources	**$76,729,226**	**$82,612,307**	**$5,883,081**
Overhead Charges	9,379,851	9,379,851	--
Total General Fund Revenues	**$86,109,077**	**$91,992,158**	**$5,883,081**

Major Projects in the City

There are four major projects located in the City which are expected to increase revenues in the future:

1) ***Waterfront Revitalization.*** The City is planning on re-energizing its waterfront pier and leasing its storefronts to new business tenants and hosting events nearby such as the Beach Life Music Festival to be held in September 2021 and Swim Across America to be held in October 2021. The City is currently reviewing proposals from consultants to assist the City with improving and enhancing various public amenities within the City's waterfront, commonly referred to as King Harbor.

2) ***AES Power Plant Site Redevelopment.*** The approximately 51 acre site of the AES power plant will be developed into public open space and a mixed use development. The plant changed owners in 2020 and the AES Power Plant was anticipated to stop energy generation activities by 2020. The State Water Resources Control Board extended the plant's operations for another year (and is proposing an additional two year extension), as a back-up source for the State's electrical grid during summer heat waves, when power

demands increase. When the plant does retire, the site is likely to be developed into uses such as public open space, office, retail and hotel. In addition, the Los Angeles County Board of Supervisors voted unanimously to move forward with forming a special financing district for this site, which once implemented, will divert property tax revenue from the County back to the City for development of public amenities, including restoration of on-site wetlands and coastal open space.

3) ***South Bay Galleria Redevelopment.*** The South Bay Galleria mall was expected to undergo redevelopment based on a mixed-use development plan initially approved in early 2019. In 2020, the Galleria was sold to another development firm, L. Catterton Real Estate (LCRE). Revised and updated plans are expected to be presented to the City in Summer 2021 with an expected groundbreaking in 2022. The mall will be redeveloped as a mixed use development with repurposed retail square footage, a hotel, multifamily residential units, office space, and public open space. The redevelopment is expected to help expand the City's sales tax base and recover sales tax losses from the closing of the Nordstrom Department Store in 2015.

4) ***Artesia/Aviation Boulevard Corridor Improvements.*** The City plans on improving the Artesia and Aviation Boulevard commercial corridors by relaxing some zoning issues, adjusting parking and creating public parklets in the area with a goal to improve bicycle and transit access, accommodate outdoor dining, attract new businesses and encourage reinvestment by existing property owners. As part of the approval of the redevelopment of the South Bay Galleria, the developer will provide $2 million towards the improvement of the Artesia corridor.

Reserve Policies

On November 17, 1998, the City Council adopted the Statements of Financial Principles intended to guide the financial management of the City, which requires a "minimum reserve" for contingencies to be 8.33% (or one month) of the General Fund's current fiscal year's operating expense budget. On October 9, 2007, the City amended such policy to require that the "reserves" or fund balances designated for other post-employment benefits (OPEB) be maintained at appropriate levels as authorized by the City Council.

In addition, the City's Financial Contingency Planning Administrative Policy adopted in December 2004 requires the City to maintain a committed fund balance reserve for contingencies equivalent to 8.33% (or one month) of the General Fund's current fiscal year's operating expense budget. The City is currently in compliance with such policies.

Investment Portfolio

The City invests all idle cash in various investment instruments, as authorized within the City's Statement of Investment Policy. The City Treasurer employs a buy and hold philosophy of cash management, ensuring the full return of all investment principal. In February of 2013, the City commenced utilization of FHN Financial Main Street Advisors in providing non-discretionary investment management services to the City Treasurer. Composition of the City's investment portfolio consists of a diversified mix of U.S. Treasury Securities, Federal Agency Securities, FDIC insured collateralized deposits, and a blend of A-AAA rated Corporate Medium Term Notes, all of which are structured along a five-year laddered maturity schedule. In addition, sufficient portfolio liquidity is maintained through continued maintenance of a significant portion of the investment portfolio's position in the State managed Local Agency Investment Fund, or LAIF.

The City maintains an Investment Policy which has been certified for reporting excellence by the Association of Public Treasurers – United States & Canada (APT – US&C) and the City has established both a written investment policy and investment procedures manual. The Investment Policy is reviewed and approved by both the City Council and the Budget and Finance Commission on an annual basis. The investment policy's established performance benchmark is the 30-month moving average of the ICE BofAMLzer to five-year Treasury index. In the periodic purchase of investments, both the rate of return provided by LAIF and the yield on the U.S. Treasury security of closest maturity to the purchased investment serve also as investment performance benchmarks.

The level of investments maintained with LAIF fluctuates in accordance with variations in both the City's operational and the capital improvement program cash flow requirements. The LAIF balance is generally maintained at a level of $5 to $25 million, or approximately 10% of the general portfolio's assets on average, ensuring maintenance of sufficient investment portfolio liquidity. The yield provided by LAIF has increased over the past years in line with the overall increase in short-term market interest rates. Idle investment funds above the liquidity threshold have been placed primarily in Federal Agency investments within the two to five year investment maturity range. The City's investment portfolio consistently meets the primary objectives set forth in the City's investment policy.

As of June 30, 2020, the City's general portfolio was invested as follows:

Book Value Comparison of Investment Portfolio Positions
Fiscal Year 2019-20

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type	$MM	%	$MM	%	$MM	%	$MM	%
Cash in Bank and Money Market	$8.00	8.6%	$10.42	10.7%	$5.31	5.5%	$9.19	8.9%
Local Agency Investment Fund (LAIF)	$7.00	7.6%	$17.05	17.6%	$14.00	14.6%	$22.00	21.2%
Federal Agency Issues	$41.46	44.8%	$35.46	36.5%	$40.61	42.3%	$38.60	37.2%
Corporate Medium Term Notes	$24.84	26.9%	$22.85	23.6%	$22.87	23.8%	$20.89	20.1%
Bank CDs	$3.22	3.5%	$3.22	3.3%	$3.22	3.3%	$2.98	2.9%
Treasuries	$7.99	8.6%	$8.04	8.3%	$10.07	10.5%	$10.06	9.7%
Total Investment Portfolio	$92.51	100.0%	$97.04	100.0%	$96.08	100.0%	$103.72	100.0%
Weighted Average Maturity (years)	2.10		1.89		2.02		1.72	
Portfolio Yield %	2.23%		2.27%		2.26%		2.22%	
LAIF Yield	2.28%		2.04%		1.79%		1.20%	
Yield on Benchmark	2.06%		2.08%		2.06%		2.02%	

As required by GASB 31, the City recorded the unrealized gain/loss on certain investments to account for the market value at June 30, 2020. The portfolio market value, $106,832,775 rose above the book value of $103,725,499 by $3,107,276 of the current market value of the investments within the City's investment portfolio. This unrealized gain in the value of investments results from structural factors and interest rate movements within the financial marketplace over the past year impacting the market valuation of the City's investments in both Federal Agency issues and Corporate Medium Term Notes.

Long-Term Liabilities

The Authority issued refunding revenue bonds in February 2019 totaling $28,015,000, which as of May 31, 2021, were outstanding in the principal amount of $27,110,000. The proceeds of the bonds were used to refund the various leaseback contingencies and finance the purchase of a sublease between the City and Redondo Fisherman's Cove Company.

The Bonds bear interest at rates between 4.00% and 5.00% and interest is payable on each May 1 and November 1, commencing November 1, 2019. The bonds are payable from base rental payments. Principal is due annually beginning on May 1, 2020, in amounts ranging from $350,000 to $1,585,000. The bonds mature on May 1, 2049. The bonds are subject to optional and mandatory early redemption provisions.

The City entered into various lease purchase agreements for equipment, which have been classified as capital leases. The related assets have been capitalized in the government-wide financial statements at the initial present value of the lease payments. The balance outstanding at June 30, 2020, was $186,587.

See "APPENDIX F – CITY OF REDONDO BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020 - Note 8."

Statement of Direct and Overlapping Debt

Shown below is a statement of direct and overlapping debt for the City as of June 1, 2021.

City of Redondo Beach
Statement of Direct and Overlapping Debt

2020-21 Assessed Valuation: $18,646,142,129

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/1/21	
Metropolitan Water District	0.571%	$ 153,199	
El Camino Community College District	14.682	65,906,075	
Redondo Beach Unified School District	100.	211,937,018	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$277,996,292	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	1.091%	$28,567,914	
Los Angeles County Superintendent of Schools Certificates of Participation	1.091	49,808	
Los Angeles County Sanitation District No.5 Authority	8.271	339,126	
Los Angeles County Sanitation District South Bay Cities Authority	17.333	121,134	
City of Redondo Beach General Fund Obligations	**100.**	**27,110,000**	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$56,187,982	
COMBINED TOTAL DEBT		$334,184,274	(2)

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt........................1.49%
Total Direct Debt ($27,110,000)..0.15%
Combined Total Debt...1.79%

Source: California Municipal Statistics, Inc.
(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Employee Relations

City employees are represented by six employee associations. Pursuant to the City's Municipal Code and the Meyers-Millis-Brown-Act, the City and the employee associations negotiate wages, hours and conditions of employment. The six employee associations and their contract expiration dates are as follows:

Employee Association	Contract Expiration
Redondo Beach Police Officers (Officers and Sergeants)	December 31, 2022
Redondo Beach Police Officers (Police Management Unit)	December 31, 2022
Redondo Beach Firefighters	June 30, 2024
Redondo Beach Professional and Supervisory	December 31, 2023
Redondo Beach City Employees	December 31, 2023
California Teamsters Public, Professional & Medical	December 31, 2023

Employees, Union Local 911

Source: City of Redondo Beach.

Pension Plans

Plan Description. The pension plans are agent, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System ("CalPERS"), which acts as a common investment and administrative agent for participating public employers within the State of California. A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the Annual Actuarial Valuation Reports (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. Such website and information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriters can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The City provides three Tier 1 defined benefit pension plans – two for safety employees (3% at 55 for Fire and 3% at 50 for Police) and one for miscellaneous employees (2% at 55). Beginning July 2012, two additional Tier 2 defined benefit pension plans were provided – one for safety employees (3% at 55 for both Fire and Police) and one for miscellaneous employees (2% at 60). Beginning January 2013, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), Tier 3 defined benefit pension plans were added, 2.7% at 57 for safety employees and 2% at 62 for miscellaneous employees. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. Employees of some bargaining groups paid a portion of the employee and/or employer contribution to CalPERS.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
Hire Date	Prior to May 1, 2012	On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Benefit formula	2% @55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	7.00%	7.00%	7.25%
Required employer contribution rates	29.852%	29.852%	29.852%

	Safety		
	Tier 1	Tier 2	Tier 3
Hire Date	Prior to May 1, 2012	On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Benefit formula	Police - 3% @ 50 Fire - 3% @ 55	Police & Fire 3% @ 55	Police & Fire 2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4-3%	2.4-3%	2%-2.7%
Required employee contribution rates	9.00%	9.00%	12.50%
Required employer contribution rates	70.762%	70.762%	70.762%

As of the valuation date of June 30, 2019, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently	498	299
Inactive employees entitled to but not yet receiving	372	52
Active employees	335	143
Total	1,205	494

Contributions. Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year Fiscal Year ended June 30, 2020, the employer contributions recognized as a reduction to the net position liability for all the Plans was $15,639,400.

Net Pension Liability. The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability.

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Valuation Date	6/30/2019	6/30/2019
Measurement Date	6/30/2020	6/30/2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases (1)	Varies	Varies
Mortality Rate Table (2)	Derived using CALPERS' membership data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter	

(1) Annual increases vary by category, entry age, and duration of service

(2) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Discount Rate. The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class*	New Strategic Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Global Debt Securities	28.00	1.00	2.62
Inflation Assets	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.83
Liquidity	1.00	0.00	-0.92

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
**An expected inflation of 2.0% used for this period
***An expected inflation of 2.92% used for this period

Changes in the Net Pension Liability. The following table shows the changes in net pension liability recognized over the measurement period for the City Miscellaneous Plan.

The following table shows the changes in net pension liability recognized over the measurement period for the City Miscellaneous Plan.

Miscellaneous Plan	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019 (MD)[1]	$220,668,380	$157,714,145	$62,954,235
Changes Recognized for the Measurement Period:			
Service Cost	3,426,450	-	3,426,450
Interest on the Total Pension Liability	15,398,568	-	15,398,568
Differences between Expected and Actual Experience	(1,088,566)	-	(1,088,566)
Changes of Assumptions	-	-	
Plan to Plan Resource Movement	-	-	
Contributions from the Employer	-	5,895,816	(5,895,816)
Contributions from the Employees	-	1,487,258	(1,487,258)
Net Investment Income	-	7,811,724	(7,811,724)
Benefit Payments, including Refunds of Employee Contributions	(11,856,917)	(11,856,917)	-
Administrative Expense	-	(222,338)	222,338
Other Miscellaneous Income (Expense)	-	-	-
Net Changes during 2018-2019	$5,879,535	$3,115,543	$2,763,992
Balance at: 6/30/2019 (MD)[1]	$226,547,915	$160,829,688	$65,718,227

(MD) = Measurement Date

The following table shows the changes in net pension liability recognized over the measurement period for the City Safety Plan.

Safety Plan	Increase (Decrease) Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (MD)[1]	$381,877,303	$246,237,412	$135,639,891
Changes Recognized for the Measurement Period:			
Service Cost	5,883,763	-	5,883,763
Interest on the Total Pension Liability	26,796,647	-	26,796,647
Differences between Expected and Actual Experience	968,299	-	968,299
Changes of Assumptions	-	-	
Plan to Plan Resource Movement	-	-	
Contributions from the Employer	-	11,860,288	(11,860,288)
Contributions from the Employees	-	1,816,584	(1,816,584)
Net Investment Income	-	12,249,408	(12,249,408)
Benefit Payments, including Refunds of Employee Contributions	(22,018,409)	(22,018,409)	-
Administrative Expense	-	(347,134)	347,134
Other Miscellaneous Income (Expense)	-	-	
Net Changes during 2018-2019	**$11,630,300**	**$3,560,737**	**$8,069,563**
Balance at: 6/30/2019 (MD)[1]	**$393,507,603**	**$249,798,149**	**$143,709,454**

(MD) = Measurement Date

[1)] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability for the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Net Pension Liability	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	$ 93,767,534	$ 65,718,227	$ 42,376,910
Safety Plan	192,853,466	143,709,454	102,950,644
	$ 286,621,000	$ 209,427,681	$ 145,327,554

Pension Plan Fiduciary Net Position. The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

For the measurement period ending June 30, 2019 (the measurement date and Fiscal Year ending June 30, 2020), the City incurred a pension expense of $12,136,629 and $24,993,585 for the miscellaneous and safety plans, respectively.

As of June 30, 2020 (the measurement date), the following were the reported deferred outflows of resources and deferred inflows of resources related to all pension plans:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Current Year Contributions that occurred after the measurement date of June 30, 2019	$6,174,081	$ -	$ 12,586,171	$ -
Change of Assumption	-	-		(176,520)
Difference between Expected and Actual Experience	1,298,931	(699,792)	4,759,873	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,208,883	-	1,688,133	-
Total	**$ 8,681,895**	**$ (699,792)**	**$ 19,034,177**	**$ (176,520)**

Contributions subsequent to the measurement date in the amount of $17,755,884 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year Ended June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous	Safety
Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2020	$ 234,276	$ 1,900,692
2021	102,560	2,001,032
2022	816,546	1,363,149
2023	654,640	1,006,613

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed AB 340, which implements pension reform in California. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

CalPERS Actions. On December 21, 2016, the CalPERS' Board of Administration (the "Board of Administration") voted to lower its discount rate to 7.0% over three years according to the following schedule:

Fiscal Year	Discount Rate
2018-19	7.375%
2019-20	7.250
2020-21	7.000

For public agencies like the City, the new discount rate took effect on July 1, 2018. Lowering the discount rate means employers that contract with CaIPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CaIPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the longterm.

On February 13, 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2021 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period and elimination of certain 5-year ramp-up and ramp-down periods, the contributions required to be made by employers, including the City with respect to the Plans, are anticipated to increase further beginning in Fiscal Year 2020-21.

City Pension Contributions. The total contribution paid by the City toward pension benefits was $18.2 million in Fiscal Year 2019-20, which includes the employer and employer-paid member contributions. Approximately 83.2%, or $15.1 million, was charged to the General Fund. The budgeted total City contribution for Fiscal Year 2019-20 was approximately $18.7 million and is expected to increase again in Fiscal Year 2020-21.

CalPERS began to separate the City's employer contributions into their "normal cost" and "unfunded liability" portions in Fiscal Year 2017-18. The normal cost portion continued to be paid as a percentage of payroll, while the unfunded liability portion was paid as a flat dollar amount. In Fiscal Year 2020-21, the percentage-based portion of the rate was increased from 22.230% to 23.353% for safety employees and 9.152% to 9.342% for miscellaneous employees. The balance of the CalPERS rate was made up with an unfunded liability payment of $13,241,791 ($8,730,646 for safety employees and $4,511,145 for miscellaneous employees). Rates will decrease from Fiscal Year 2020-21 levels for the 2021-22 fiscal year to 22.930% for safety employees and 9.300% for miscellaneous employees together with an unfunded liability payment of $15,006,404 ($9,959,251 for safety employees and $5,047,153 for miscellaneous employees). Although changes in the coming years for the normal cost portion are expected to be relatively small, the increases for the unfunded liability portion are expected to be significant.

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years as reported in the annual valuation reports provided by CalPERS. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2020-21 fiscal year is above the 7% assumed return. Actual contribution rates during this projection period could be lower than the projection shown below. The projected normal cost percentages in the projections below reflect that the normal cost will continue to decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

For the tables below, "Normal Cost" means the annual cost of service accrual for the upcoming fiscal year for active employees. "UAL" means Unfunded Accrued Liability. When a plan or pool's value of assets is less than its Accrued Liability (i.e., the total dollars needed as of the valuation date to fund all benefits earned in the past for current members), the difference is the plan or pool's Unfunded Accrued Liability (or unfunded liability). If the unfunded liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.

SAFETY PLAN

	Required Contribution	Projected Future Employer Contributions (Assumes 7.0% Return for Fiscal Year 2019-20)				
Fiscal Year	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Normal Cost %	22.93%	22.3%	21.9%	21.4%	20.9%	20.4%
UAL Payment	$10,301,929	$11,321,000	$12,002,000	$12,724,000	$13,097,000	$13,450,000

MISCELLANEOUS PLAN

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
Fiscal Year	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Normal Cost %	9.30%	9.1%	9.0%	8.8%	8.7%	8.5%
UAL Payment	$5,220,816	$5,797,000	$6,146,000	$6,528,000	$5,888,000	$6,113,000

Aside from contributing to CalPERS, the City also contributes to Social Security. The Fiscal Year 2019-20 total cost for Social Security and Medicare coverage was $2.2 million, of which $1.5 million, or 68.2%, is from the General Fund. Safety employees do not participate in Social Security and Medicare, except for those employees hired after 1986, who are required to participate in Medicare.

See “BONDOWNERS’ RISKS - COVID-19 Pandemic” for information regarding the potential impact of the COVID-19 outbreak on the City’s unfunded pension liability. See also “INTRODUCTION - COVID-19 Impact.” See Note 11 to the audited financial statements in “APPENDIX F - CITY OF REDONDO BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020” for additional information regarding the City’s pension plan.

Other Post-Employment Benefits Other Than Pensions

The City also provides post-retirement health care benefits to its employees in accordance with agreements reached with various employee bargaining groups through the California Employers’ Retiree Benefit Trust (CERBT) Fund, which is an agent multiple-employer plan administered by CalPERS. The City pays for retirees’ health care premiums in these plans up to limits established in the agreements with the bargaining units. After age 64, only the City’s minimum health premium contribution under the Public Employees’ Medical and Hospital Care Act is paid. These payments are paid through an Other Post-Employment Benefits (“OPEB”) trust, which was established by the City in Fiscal Year 2009-10 to comply with GASB 45. The OPEB trust allows the City to prefund actuarially derived OPEB costs that are expected to be incurred in future periods. In Fiscal Year 2019-20, the City contributed $2.2 million to the OPEB trust to cover current and future retiree medical benefits; however, future contributions may vary based on future actuarial studies. As of June 30, 2020, the City was providing benefits to 169 participants.

As of June 30, 2020, the City had a net OPEB obligation of $18,612,000. For Fiscal Year ended June 30, 2020, the City contributed $2,217,998 to the plan.

Changes in the OPEB Liability.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019 (valuation date June 30, 2019)	$24,083,383	$5,655,292	$18,428,091
Changes recognized for the measurement period:			
Service cost	911,766	--	911,766
Interest	1,635,748	--	1,635,748
Benefit changes	--	--	--
Actual vs. expected experience	(147,110)	--	(147,110)
Assumption changes	(1,415,841)	--	(1,415,841)
Contributions - employer	--	2,217,998	(2,217,998)
Net investment income	--	497,289	(497,289)
Benefit payments	(1,523,667)	(1,523,667)	--
Administrative expenses	--	(5,691)	5,691
Net changes	539,104	1,185,929	1,725,033
Balance at June 30, 2020 (measurement date June 30, 2019)	$23,544,279	$6,841,221	$16,703,058

Risk Management

The City maintains a self-insurance program for workers' compensation and liability claims. The program accumulates resources in the Self-Insurance Program internal service fund to meet potential losses. For Fiscal Year 2019-20, the self-insurance retention (SIR) is $750,000 for workers' compensation and $500,000 for liability. Excess coverage up to $50 million for each workers' compensation claim is provided by a third party private insurer, and excess liability up to $30 million for each occurrence is covered by the California State Association of Counties - Excess Insurance Authority (CSAC-EIA).

The CSAC-EIA is a joint powers authority for 95% of California counties as well as 68% of California municipalities where risks and losses are pooled together to keep annual premiums low. Both the workers' compensation and liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Human Resources Department.

The amounts included in the Self-Insurance Program internal service fund are significant, partly due to requirements of Government Accounting Standards Board (GASB) Statement No.10. In complying with GASB 10, the City must record as a liability and expenditure not only actual risk/loss experienced in the areas of workers' compensation and liability, but also claims incurred but not reported (IBNR). IBNR claims include exposure for losses of which a city is not yet aware, as well as any statistically probable increase in costs for accidents that are already known to the City. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary. As of June 30, 2020, the City recorded the following:

Workers' Compensation Claims. Claims payable totaled $17.3 million representing an increase of $1.4 million, or 14.8%, from the prior period. This increase is attributable to higher estimated reserves and the settlement of claims in previous years.

Liability Claims. Claims payable totaled $7.4 million representing a decrease of $2.3 million, or 134.8%, from the prior period. This decrease is attributable to lower estimated reserves and the settlement of claims in previous years.

Unemployment Insurance. The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department (EDD) to provide salary continuance for terminated employees. For Fiscal Year 2019-20, reimbursement to EDD was $60,455.

THE AUTHORITY

The Redondo Beach Community Financing Authority is a joint powers authority established pursuant to the Bond Law and a Joint Exercise of Powers Agreement, dated as of January 31, 2012, by and between the City and the Redondo Beach Parking Authority. The Authority is qualified to assist in the financing or refinancing of certain public improvements and to issue the Bonds under the Bond Law. The Authority has no taxing power. Under the Bond Law, the Authority may purchase bonds issued by any local agency at public or negotiated sale and may sell bonds to public or private purchasers at public or negotiated sale. The Authority is governed by a six-member board of directors, which consists of the Mayor and the other members of the City Council of the City of Redondo Beach. The Mayor acts as the Chair of the Authority, the City Manager as its Executive Director, the City Clerk as its Secretary and the Treasurer of the City as its Treasurer. The Authority and the City are each separate and distinct legal entities, and the debts and obligations of each such entity are not debts or obligations of the other entity.

BONDOWNERS' RISKS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this official statement in evaluating the bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Limited Obligations with Respect to the Bonds

The Bonds are limited obligations of the Authority payable from Revenues, which primarily consist of Base Rental Payments payable by the City under the Lease and amounts on deposit from time to time in the funds and accounts held by the Trustee. If for any of the reasons described herein, or for any other reason, the Base Rental Payments are not sufficient to pay debt service on the Bonds, the Authority will be obligated to utilize money on deposit in the funds and accounts established under the Indenture. The obligation of the City to pay Base Rental Payments and Additional Rental Payments under the Lease also constitute a current expense of the City payable from any legally available funds.

The Authority has no taxing power. The obligation of the City to pay Base Rental Payments and Additional Rental Payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments under the Lease does not constitute a debt or indebtedness of the City, the Authority, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

COVID-19 Pandemic

COVID-19 was first identified in China in late 2019, and has spread globally. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. On March 13, 2020, the President of the United States declared a national state of emergency. In California, Governor Newsom declared a state of emergency on March 4, 2020. The County and the City have also declared local emergencies, on March 4, 2020 and March 12, 2020, respectively. Beginning in March 2020, throughout the State (including in the City and County), other parts of the country and many nations, stay at home or similar orders (prohibiting social gatherings, closing of schools and non-essential businesses and public venues, and imposition of social distancing measures at locations that provide essential services), as well as travel restrictions, were imposed. This caused major disruptions in the regional and local economy, as well as some business failures and high levels of unemployment. In addition, the financial markets experienced some volatility. Emergency orders implementing measures to prevent the spread of the virus were issued beginning March 2020, and were revised becoming more or less restrictive depending upon the hospitalization and infection rate at the time. To date, there have been a number of COVID-19 cases and deaths in the City and the County. While several vaccines have been developed and are being administered, the pandemic is still ongoing, and its duration and severity and economic effects remain uncertain. It is unclear how long various protective measure will remain; however, the California Governor has stated that he may further loosen or eliminate the restrictions on June 15, 2021, as cases continue to decline and vaccination rates and availability remain at acceptable levels.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, disruption of the regional and local economy due to decreased commercial activity, with corresponding decreases in the City's major revenues, including but not limited to, sales tax and transient occupancy tax, and increased costs of City operations.

The ultimate impact of COVID-19 on the City's operations and finances is difficult to predict due to the evolving nature of the COVID-19 transmission, including uncertainties relating to the duration and severity of the outbreak, and what actions will be taken by governmental authorities to contain or mitigate the outbreak or to treat its impact. As of the date of this Official Statement, the City does not believe that the impacts of the spread of COVID-19 will prevent the City from making Base Rental Payments when due.

On March 11, 2021, the President signed the $1.9 trillion American Rescue Plan Act of 2021. Approximately $350 billion of these funds are dedicated to eligible state, local, territorial and Tribal governments. The allocation to the City is $6,801,080.00, which is expected to offset a portion of the City's revenue loss. See "CITY FINANCIAL INFORMATION - Impact of COVID-19 Pandemic."

The financial and operating data contained in this Official Statement are the latest available, but are as of dates and for periods prior to the economic impact of the pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the pandemic upon the City. While the overall potential impact of the pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could lead to additional or modified public health restrictions and have an adverse effect on the City's operations and financial condition, and the effect could be material. See "INTRODUCTION - COVID-19 Pandemic" and "CITY FINANCIAL INFORMATION - Impacts of COVID-19 Pandemic".

Abatement

The obligation of the City under the Lease to pay Base Rental Payments and Additional Rental Payments is in consideration for the use and possession of the Leased Property. Except to the extent of (i) amounts held by the Trustee in the Lease Payment Fund, (ii) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Bonds, and (iii) amounts available in the City's General Fund, the obligation of the City to pay Base Rental Payments and Additional Rental Payments due under the Lease will be abated in accordance with the Lease during any period in which, by reason of damage, destruction or taking by eminent domain or condemnation of, the Leased Property or any portion thereof, there is substantial interference with the use and possession by the City of all or such portion of the Leased Property.

The Lease provides that the amount of abatement will be such that the resulting rental payments in any Bond Year during which such interference continues, excluding any amounts described in clauses (i), (ii) or (iii) above, do not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, condemnation or title defects do not substantially interfere with the City's use and possession, as evidenced by a certificate of a City representative. Such abatement will continue for the period commencing with the date of such interference and ending with the restoration of the Leased Property to tenantable condition. Except as provided in the Lease, in the event of such damage, destruction or taking, the Lease shall continue in full force and effect and the City waives any right to terminate the Lease by virtue of any such damage, destruction or taking. ***The City will not be obtaining title insurance on the Leased Property in connection with the issuance of the Bonds.*** See "SECURITY FOR THE BONDS – Abatement."

City General Fund

In General. The Base Rental Payments and other payments due under the Lease are payable from funds lawfully available to the City. If the amounts which the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Base Rental Payments, based on the perceived needs of the City. See "CITY FINANCIAL INFORMATION" for a more detailed discussion of revenues deposited in and expenditures from the City's General Fund. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare. For more information regarding California Constitutional limits on expenditures see "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Appropriations Limitations: Article XIIIB."

Risk of Increased Expenditures. Under the Lease, provided the City is not currently in default thereunder, the City is permitted to expend for any municipal purpose or otherwise incur other evidences of indebtedness or other obligations payable from the City's General Fund without the consent of Owners of the Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Base Rental Payments could decrease.

Risk of Decreased Revenues. A variety of national, State or regional factors, which are beyond the control of the City's fiscal policies, as well as the City's fiscal policies could reduce the amount of the City's General Fund revenues. To the extent that City revenues decrease, the funds available to pay Base Rental Payments could decrease. See "CITY FINANCIAL INFORMATION".

Additional Obligations

The City may incur additional obligations payable from the City's General Fund. Such additional obligations would increase debt service payable from the City's General Fund and could adversely affect debt service coverage with respect to the Base Rental Payments.

State Finances

The State's financial condition and budget policies affect communities and local public agencies throughout California. State budgets are affected by regional, national or even international economic conditions and a multitude of other factors over which the City has no control. The City cannot give any assurances regarding the financial conditions of the State during any period of time. Some of the State's budget solutions have caused in the past, and may cause in the future, increased financial stress to cities, counties and other local governments by: (i) decreasing local revenues (for example, the property tax, road improvement funding, public safety or other categorical funded initiatives), or (ii) increasing directly or indirectly demand for local programs (such as public safety or indigent health programs). AB X1 26 enacted in 2011, pursuant to which all redevelopment agencies in the State were dissolved, was enacted during the Fiscal Year 2011-12 budget process and was just one example where cities and counties throughout the State were significantly impacted. Even though California has experienced significantly improved fiscal condition during the past few fiscal years, the State is still facing continuing financial challenges and unfunded long-term liabilities.

According to the State Constitution, the Governor is required to propose a budget to the State Legislature by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been frequently breached in the past. Before Fiscal Year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the State Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

On January 8, 2021, the Governor released his 2021-22 Proposed State Budget and in May 2021, released his May Revision to the budget (collectively, the "2021-22 Proposed State Budget"), which reflects revenues and transfers of $175.9 billion, a prior year fund balance of $27.4 billion and expenditures of $196.8 billion, resulting in a projected year-end balance of $6.6 billion. The 2021-22 Proposed State Budget also projects $24.4 billion in reserves and projects a one-time budget surplus of $75.7 billion, mainly driven by stronger than anticipated revenues and aggressive budgetary actions taken in Fiscal Year 2020-21 as a response to the COVID-19 pandemic. The one-time budget surplus is considered a windfall and the Governor proposes appropriating this one-time surplus funding to build back the State's reserves, supplement reduced revenues as a result of proposed tax reductions, and continue or expand a variety of State programs and services.

Information about the State budget and State spending is available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance, *www.dof.ca.gov*. An analysis of the budget is posted by the Office of the Legislative Analyst at *www.lao.ca.gov*. In addition, various official statements for State-issued bonds, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*. None of the websites referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites by the respective entities.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature, or (iv) decrease Vehicle License Fees revenues without providing local governments with equal replacement funding. Beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate currently in effect, which is 1.15% of vehicle value effective July 1, 2011, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, except mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates. The 2020-21 Final Budget of the State and the proposed Fiscal Year 2021-22 State budget does not include any Proposition 1A diversion.

Seismic Factors

The City, like most regions in the State, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. According to the City's General Plan (the "General Plan"), the City lies within a seismically active region. The major faults are related to the San Andreas fault system. The Newport-Inglewood fault is located 6.5 miles east of the City. Aside from structural damage, earthquake activity can produce other types of adverse effects such as landslides, subsidence/settlement, and liquefaction. For more information, see the "Redondo Beach General Plan" on file with the City Clerk. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the City, and could lead to successful appeals for reduction of assessed values of such property. The occurrence of an earthquake may result in the substantial interference with the use and occupancy of the Leased Property, which could result in Base Rental Payments being subject to abatement. Under such circumstances, no assurance can be given that the City would have insurance or other resources available to make repairs to the Leased Property or to make Base Rental Payments under the Lease.

Risk of Floods, Fire or Tsunami

As with seismic hazards, the occurrence of a flood, tsunami or fire could result in the substantial interference with the use and occupancy of the Leased Property, which could result in Base Rental Payments being subject to abatement or an adverse impact on the City's General Fund. Under such circumstances, no assurance can be given that the City would have insurance or other resources available to make repairs to the Leased Property or to make Base Rental Payments under the Lease. According to the City's General Plan, predictive modeling for distantly generated tsunamis indicate that approximately five feet above sea level every 100 years and nine feet above sea level every 500 years are possible in the Redondo Beach area.

Hazardous Substances

The public works activities of the City may, from time to time, result in the use of hazardous substances on the facilities owned and operated by the City, including, but not limited, to the Leased Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Leased Property and lead, in an extreme case, to abatement, in whole or in part, of all or a portion of the Base Rental Payments. See "RISK FACTORS - Abatement" above.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the City is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach.

Limited Recourse on Lease Default

If an event of default occurs and is continuing under the Lease, there is no remedy of acceleration of any Base Rental Payments which have not come due, and **no right for the Authority to terminate the Lease and re-let the Leased Property**. The sole remedy provided for in the Lease is to exercise any action at law or in equity necessary or desirable to collect the amounts due under the Lease.

No Reserve Fund

The City has not funded a reserve fund in connection with the issuance of the Bonds.

Limitations on Remedies; Bankruptcy

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest and premium, if any, on the Bonds. Bond Counsel has limited its opinion as to the enforceability of the Bonds and 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 creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

Enforceability of the rights and remedies of the Owners, and the obligations incurred by the Authority or the City, may become subject to the United States Bankruptcy Code (the "Bankruptcy Code") and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the 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. Bankruptcy proceedings, or the exercise of related powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Bankruptcy of the City. Under Chapter 9 of the United State Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity; however, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City.

If the City is in a Chapter 9 bankruptcy proceeding, parties may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the bankruptcy court grants permission to take such action. This prohibition may also prevent the Trustee from making payments to the Owners from funds in the Trustee's possession.

In the event of a City bankruptcy filing, the City may be able to borrow additional money that is secured by a lien on any of its property, including the sources of funds for payment to the Trustee of the assigned Base Rental Payments and Additional Rental payments under the Lease (including, without limitation, the General Fund of the City and funds deposited in the General Fund), which lien could have priority over the pledges made under the Indenture, so long as the bankruptcy court determines that the rights of the Owners will be adequately protected. The City may also be able to cause some of the Base Rental Payments and Additional Rental payments to be released to it, free and clear of the lien of the Indenture, so long as the bankruptcy court determines that the rights of the Owners will be adequately protected.

The City may be able, without the consent and over the objection of the Trustee and the Owners, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds, so long as the bankruptcy court determines that the alterations are fair and equitable.

The City is informed that CalPERS (the City's pension system) has significant unfunded liabilities, and the City is unable to predict what the amount of unfunded liabilities will be in the future or the amount of contributions that the City may be required to make. In a bankruptcy of the City, the amounts of current and, if any, accrued (unpaid) contributions owed to CalPERS or any other pension system (collectively the "Pension Systems"), as well as future material increases in required contributions, reduce the City's ability to pay Base Rental and Additional Rental payments. Given that municipal pension systems in California are usually administered pursuant to State constitutional provisions and, as applicable, other state and/or city law, the Pension Systems may take the position, among other possible arguments, that (1) their claims enjoy a priority over all other claims, (2) Pension Systems are instrumentalities of the State and have the right to enforce payment by injunction or other proceedings outside of a City bankruptcy case, and (3) their claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a bankruptcy of the City would rule on these matters. In addition, this area of law is unsettled because issues of pension underfunding claim priority, pension contribution enforcement and related bankruptcy plan treatment of such claims (among other pension-related matters) are presently the subject of litigation in the Chapter 9 cases of several California municipalities, but did not result in appellate rulings giving definitive guidance on these matters.

Recharacterization of the Site Lease and the Lease as a Financing Arrangement. In bankruptcy proceedings, a bankruptcy court is not required to accept the characterization of an agreement as a "lease," but will look to the economic realities of the transaction as a whole. In the event of the City files for bankruptcy, a bankruptcy court could determine that each of the Site Lease and the Lease is either (1) an unexpired lease or executory contract (defined below) under Section 365 ("Section 365") of the Bankruptcy Code (a "True Lease") or (2) part of a loan or other financing arrangement secured by a lien (a "Financing Arrangement"). The Bankruptcy Code specifies different treatment for True Leases and Financing Arrangements.

In bankruptcy proceedings, courts have been required to determine whether arrangements with features similar to the Site Lease and the Lease were True Leases or Financing Arrangements. There are court decisions arising out of bankruptcy proceedings that have found certain relationships to be disguised Financing Arrangements, where a government agency granted an interest in property to an entity and then leased that interest back and where the terms of the lease relate not to the market value of the property leased but to bond financing, e.g., the lease-back is in exchange for payments equaling bond debt service and related costs and/or the term of the lease is tied to the final payment on the relevant bonds.

There can be no guarantee that a bankruptcy court would not recharacterize the Site Lease and the Lease together as a Financing Arrangement. If a bankruptcy court did so, the payment obligations of the City might be substantially reduced. A borrower in a bankruptcy proceeding that has given a security interest in property in connection with a Financing Arrangement may retain such property, provided that it make payments over time giving the lender the economic value of the security interest. If such economic value is less than the balance due on the debt in the Financing Arrangement, the difference is then treated as an unsecured debt. In the case of the City, were the Site Lease and the Lease to be determined to be part of a Financing Arrangement, the City would very likely be permitted to remain in possession of the Leased Property if it made payments for that right, but the amount required to be paid is primarily dependent upon the value of the Trustee's security interest under the Indenture, not the payment terms of the Lease. Therefore, there is a risk that payment will be delayed or reduced from the amounts specified in the Lease, even if the value of the Trustee's security interest is greater than the amount of the debt owed by the City.

Treatment of the Site Lease and the Lease as True Leases. Section 365 requires an entity in bankruptcy to make considered decisions either to keep ("assume") or repudiate ("reject") its "executory" contracts (that are as yet incomplete as to both parties' performances), and its leases. Section 365 thus requires that a lessee under a True Lease must either (1) assume the lease or the executory contract and fully perform all of its obligations or (2) reject such lease or executory contract and surrender the leased property. In the event of a bankruptcy case with respect to the City in which a bankruptcy court determined that the Site Lease and the Lease were each a True Lease or executory contract, the City would then have these two options.

Assuming the Lease would require that the City cure all monetary defaults (including any unpaid amounts due under the Lease) and most non-monetary defaults, if any. The City would also have to provide adequate assurance that defaults would not occur in the future.

If the Lease is treated as a True Lease by a bankruptcy court and the City rejects the Lease, the rights of the Trustee (and thus the Owners) to receive Base Rental Payments and Additional Rental Payments would be terminated. Under such circumstances, the Owners could suffer substantial losses, and any claim for damages may be significantly limited. Rejection of the Lease could result in a claim for damages against the City in connection with the Bonds that would rank as a general unsecured debt of the City. In the event of such rejection of the Lease, the amount of any corresponding claim could also likely be limited by the cap on landlord claims provided in the Bankruptcy Code, i.e., to the Base Rental Payments payable under the

Lease (without acceleration) for the greater of one year or 15% of the remaining term of the Lease, but not to exceed three years, following the earlier of (a) the date the bankruptcy petition was filed, and (b) the date on which the City surrendered (voluntarily or involuntarily) the Leased Property, plus any unpaid Base Rental Payments and Additional Rental Payments under the Lease (without acceleration) existing on the earlier of such dates. Thus, if the Lease is treated as a True Lease under Section 365 and rejected in a bankruptcy of the City, the damage claim could be severely limited resulting in reduced funds available to pay the Bonds.

In addition, payments by a lessee within 90 days prior to a bankruptcy filing may be deemed to be "avoidable preferences" under the Bankruptcy Code. Accordingly, payments made pursuant to the Lease could be subject to recapture in a bankruptcy of the City, subject to certain defenses that may be available to the Authority or the Trustee.

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

Bankruptcy of the Authority. The Authority could potentially become a debtor in a bankruptcy case. In a bankruptcy case of the Authority, the legal principles and risks discussed above, in connection with a bankruptcy case filed by the City, would apply, with uncertain consequences to the Owners.

Because the Authority is not assigning all its rights under the Site Lease and the Lease to the Trustee, if the Authority became the subject of a bankruptcy proceeding, the Authority may be able to obtain authorization from the bankruptcy court to sell to a third party all rights under the Site Lease and the Lease, including the Base Rental Payments and Additional Rental Payments, free and clear of rights of the Trustee and the Owners. While the Trustee (and thus the Owners) would be entitled to receive the value of the Base Rental Payments and Additional Rental Payments as determined by the bankruptcy court, the bankruptcy court's valuation may be substantially different that the value placed on such payments by the Owners, and the Owners may suffer a loss.

The Trustee and the Owners would be prohibited from taking any action to enforce any of their respective rights or remedies against the Authority or its property, unless the permission of the bankruptcy court was first obtained. This could prevent the Trustee from making payments to the Owners from funds in the possession of the Trustee. In addition, the provisions of the transaction documents that require the City to make payments directly to the Trustee, rather than to the Authority, may no longer be enforceable, and all payments may be required to be made to the Authority.

There may be delays in payments on the Bonds while the bankruptcy court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments with respect to the Bonds, or result in losses to the Owners. Regardless of any specific adverse determinations in a bankruptcy proceeding of the Authority, the mere commencement of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

Early Redemption Risk

Early prepayment of the Base Rental Payments and redemption of the Bonds may occur in whole or in part without premium, on any date if the Leased Property or a portion thereof is damaged or destroyed beyond repair or taken by eminent domain (see "THE BONDS - Redemption - Extraordinary Redemption"), or if the City exercises its right to prepay Base Rental Payments in whole or in part pursuant to the provisions of the Lease and the Indenture. The Lease does not require property insurance in the event of damage or destruction if the Leased Property consists of City streets.

Investment of Funds

All funds held under the Indenture are required to be invested in Investment Securities as provided under the Indenture. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS." All investments, including Investment Securities, authorized by law from time to time for investments by the Authority contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture could have a material adverse effect on the security for the Bonds.

Future Initiative and Legislation

As discussed herein under "LIMITATIONS ON REVENUES AND APPROPRIATIONS," California's Constitutional initiative process has resulted in the adoption of measures which pose certain limits on the ability of cities and local agencies to generate revenues, through property taxes or otherwise. From time to time, other initiative measures could be adopted, affecting the City's ability to generate revenues and to increase appropriations. No assurances can be given as to the potential impact of any future initiative or legislation on the finances and operations of the City.

Secondary Market

There can be no assurance that there will be a secondary market for the Bonds, or if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

LIMITATIONS ON REVENUES AND APPROPRIATIONS

There are a number of provisions in the State of California Constitution that limit the ability of the City to raise and expend revenues. Contained below is a description of some of these limitations. In addition to the ones discussed in this section below, other initiative measures could be adopted from time to time further affecting the City's revenues and finances.

Property Tax Limitations - Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly referred to as "Proposition 13" or the "Jarvis-Gann Initiative") to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors.

Article XIIIA further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative that exempts from the one percent limitation any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property. On December 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*).

In the general election held on November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, 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. Proposition 60 amended Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

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

Article XIIIA Implementing Legislation

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based on their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in California no longer record property values on tax rolls at the assessed value of 25 percent of market value, which was expressed as $4 per $100 of assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. Unless otherwise noted, all taxable property value included in this Official Statement (unless noted differently) is shown at 100 percent of market value and all tax rates reflect the $1 per $100 of taxable value.

Challenges to Article XIIIA

California trial and appellate courts have upheld the constitutionality of Article XIIIA's assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIIIA's tax assessment system. The City cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the City's receipt of property tax revenues should a future decision hold unconstitutional the method of assessing property.

Appropriations Limitations: Article XIIIB

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the California Constitution. Article XIIIB limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the 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. Revenues received in excess of the appropriations limit must be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Propositions 218 and 26: Article XIIIC and Article XIIID

On November 5, 1996, California voters approved Proposition 218, "the Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution, providing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges.

Provisions of Article XIIIC (i) require taxes for general governmental purposes to be submitted to the electorate and approved by a majority vote, and taxes for specific purposes, even if deposited into the General Fund, to be submitted to the electorate and approved by two-thirds vote, (ii) require any general purpose tax which the City imposed, extended or increased, without voter approval, after December 31, 1994, to be submitted to the electorate and approved by majority vote on November 5, 1998 and (iii) provide that all taxes, assessments, fees and charges to reduction or repeal at any time through the initiative process, subject to overriding constitutional principles relating to the impairment of contracts. Provisions of Article XIIID that affect the ability of the City to fund certain services or programs that it may be required or choose to fund include (ii) adding notice, hearing, protest and, in some cases, voter approval requirements to impose, increase or extend certain assessments, fees and charges and (ii) adding stricter requirements for finding individualized benefits associated with such levies.

On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Relevant to local governments, Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. As a result, Proposition 26 requires a local government to obtain two-thirds voter approval for many fees, charges and levies that a local government was previously authorized to adopt by a majority vote of its legislative body. Specifically, Proposition 26 defines a "tax" as any levy, charge, or exaction of any kind imposed by a local government except those enumerated in seven specified exceptions, as follows:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

In the event that charges included in the definition of a "tax" in Article XIIIC cannot be appropriately increased, the City may have to choose whether to reduce or eliminate the service financed by such taxes or finance such service from its General Fund. Further, no assurance can be given that the City will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

The foregoing discussion of Propositions 218 and 26 should not be considered an exhaustive or authoritative treatment of the provisions of Propositions 218 and 26 or the possible effects of Propositions 218 and 26. Interim rulings, final decisions, legislative proposals and legislative enactments affecting Propositions 218 and 26 may impact the City's ability to make Rental Payments. The City does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity related to these issues. The City does not believe any of the fees or charges constituting City General Fund revenues are imposed in violation of Propositions 218 or 26.

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. The City does not believe any of the taxes constituting City revenues are levied in violation of Proposition 62.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (i) each jurisdiction will receive up to 102 percent of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102 percent of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

ABSENCE OF LITIGATION

To the Authority's and the City's knowledge, there is no litigation pending or threatened to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture, the Site Lease, the Lease or any proceedings of the City or the Authority with respect thereto. In the opinion of the Authority and its counsel, there is no lawsuit or claim pending against the Authority which will materially impair the Authority's ability to enter into the Indenture or restrain or enjoin the collection of Revenues as contemplated therein. In the opinion of the City and the City Attorney, there is no lawsuit or claim pending against the City which will materially impair the City's ability to enter into the Lease or restrain or enjoin the payment of Base Rental Payments.

CONTINUING DISCLOSURE

The City has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City and other data by not later than March 31 after the close of each fiscal year, commencing March 31, 2022 with the report for Fiscal Year 2020-21 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of significant events will be filed by Kosmont Transactions Services, Inc., as the Dissemination Agent on behalf of the City, with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT." This undertaking has been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended. The City has previously entered into continuing disclosure agreements in connection with its prior bond issuances.

Continuing Disclosure History. Prior to the printing of this Official Statement, an examination was conducted of the continuing disclosure filings by the City during the past five years. With respect to the Redondo Beach Public Financing Authority's $7,645,000 principal amount of Refunding Revenue Bonds, 2008 Series A (South Bay Center Redevelopment Project), which are no longer outstanding as of July 1, 2019, Moody's Investors Service upgraded the rating on such Bonds from A1 to Aa2 on October 11, 2016. The City filed a late notice regarding such rating change on February 1, 2019. There were no other instances of late filings or lack of filings in the previous five years.

The City believes that their procedures with the Dissemination Agent are sufficient in the normal due course to assure substantial compliance with its continuing disclosure undertakings in the future. A failure by the City to comply with the provisions of the Continuing Disclosure Agreement 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 Agreement 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 City to comply with the provisions of the Continuing Disclosure Agreement may adversely affect the marketability of the Bonds on the secondary market.

CERTAIN LEGAL MATTERS

The legality of the issuance of the Bonds is subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, as Bond Counsel. Bond Counsel's opinion with respect to the Bonds will be substantially in the form set forth in APPENDIX B of this Official Statement. In addition, certain other legal matters will be passed on by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel.

TAX MATTERS

State Tax Exemption

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in APPENDIX B.

Federal Income Tax Considerations

The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, broker-dealers, and persons who have hedged the risk of owning the Bonds). The discussion below is limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and acquire such Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to beneficial owners of the Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

Stated Interest on the Bonds. The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and will be subject to United States federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with ''amortizable bond premium'' equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Disposition of Bonds and Treatment of Market Discount. A beneficial owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of Bonds equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Bonds. Generally, the beneficial owner's adjusted tax basis in the Bonds will be the beneficial owner's initial cost, increased by the original issue discount (if any) previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase that Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Bond by a subsequent purchaser is less than the sum of the Issue Price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

Legal Defeasance. If the Authority elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a "legal defeasance"), under current tax law, a beneficial owner of Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Bonds generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the Bonds who is a United States person may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to the payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Bonds. Beneficial owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest." Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country that the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Reporting of Interest Payments. Subject to certain exceptions, the stated interest on the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each beneficial owner of a Bond for federal income tax purposes.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax law, and of any proposed change of applicable law.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds at a purchase price of $_____ (equal to the principal amount of the Bonds, plus/less original issue premium/discount of $_____ and less an underwriters' discount of $_____). The Underwriters intends to offer the Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

MUNICIPAL ADVISOR

Kosmont Transactions Services, Inc., Manhattan Beach, California, served as municipal advisor (the "Municipal Advisor") to the City and Authority with respect to the sale of the Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery 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.

Kosmont Transactions Services, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

RATING

S&P Global Ratings ("S&P") has assigned a rating of "____" to the Bonds. S&P's rating reflects only the views of such organization and any explanation of the significance of such rating may be obtained from S&P. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020, which include the City's 2019-20 financial statements and the Independent Auditor's Report issued by Lance, Soll & Lunghardt, LLP, Certified Public Accountants, Brea, California, (the "Auditor") regarding such financial statements, are set forth in APPENDIX F. The Auditor was not requested to consent to the inclusion of its report in APPENDIX F and it has not undertaken to update financial statements included in APPENDIX F. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

MISCELLANEOUS

All of the preceding description and summaries of the Bonds, the Indenture and the Lease, other applicable agreements, legislation 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 City 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 of 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 Authority and the City have duly authorized the execution and delivery of this Official Statement by their duly authorized officers.

REDONDO BEACH COMMUNITY FINANCING AUTHORITY

By:______________________________
Joe Hoefgen, Executive Director

CITY OF REDONDO BEACH

By:______________________________
Joe Hoefgen, City Manager

APPENDIX A

INFORMATION REGARDING THE CITY OF REDONDO BEACH

The following information concerning the City of Redondo Beach ("City") and the surrounding area is included herein only for the purpose of supplying general information regarding the community.

Population

The following table shows the population of the City and the County for the last ten years.

POPULATION STATISTICS

Year (as of January 1)	City of Redondo Beach[1]	Los Angeles County[2]
2011	66,970	9,847,712
2012	67,007	9,889,520
2013	67,396	10,021,318
2014	67,717	10,089,847
2015	68,095	10,150,617
2016	68,844	10,182,961
2017	68,907	10,231,271
2018	68,677	10,283,729
2019	68,473	10,184,378
2020	66,900	10,135,614
2021	66,484	10,044,458

[1] Source: City of Redondo Beach Comprehensive Annual Financial Report, based on data from U.S. Department of the Census and the California State Department of Finance.
[2] Source: U.S. Department of the Census and the California State Department of Finance.

Major Employers

The following table sets forth the top ten major employers located in the City for Fiscal Year 2020-21.

CITY OF REDONDO BEACH
MAJOR EMPLOYERS (Fiscal Year 2020-21)

Name	Type of Business or Entity	Employees	% of Total City Employment[1]
Northrup Grumman Corporation	Aerospace defense/technology	7,199	34.50%
Redondo Beach Unified School District	Education	966	4.63
City of Redondo Beach	City government	402	1.93
The Cheesecake Factory	Restaurant	261	1.25
Macy's	Retail	242	1.16
Target Store	Retail	217	1.04
Frontier	Telecommunications	164	0.79
United States Post Office	Postal Service	152	0.73
Silverado Beach Cities	Assisted living facility	140	0.67
Civic Financial Services	Financial	133	0.64
		9,876	**47.32%**

Source: City of Redondo Beach, Comprehensive Annual Financial Report — For the Year Ending June 30, 2020.
(1) Based on 20,869 total City employees

Construction Activity

The following table presents building permit valuations for the City from calendar year 2016 through 2020.

CITY OF REDONDO BEACH
Building Permit Valuation and New Housing Units

	2016	2017	2018	2019	2020
Residential					
Single Family	$30,845,636	$29,346,591	$16,557,579	$18,348,384	$6,944,322
Multi-Family	9,086,751	20,775,907	24,912,061	24,272,266	10,733,212
Alteration/Additions	12,054,796	13,563,806	13,926,703	11,763,427	13,778,644
Total	$51,987,183	$63,686,304	$55,396,343	$54,384,077	$31,456,178
Non-Residential					
New Commercial	$18,274,321	$11,543,156	$0	$286,351	$0
New Industry	0	0	-	-	-
Other(1)	1,129,381	2,963,438	2,075,593	1,094,000	750,035
Alteration/Additions	12,044,260	14,415,390	17,880,325	15,311,822	19,819,714
Total	$31,142,962	$28,921,984	$19,955,918	$16,692,173	$20,569,749
Total All Industry (2)	$83,435,145	$92,608,288	$75,352,261	$71,076,250	$52,025,927
New Housing Units					
Single Family Units	92	79	39	45	21
Multi-Family Units	31	93	78	99	32
Total	123	172	117	144	53

Source: Construction Industry Research Board for calendar years 2016 and 2017 and City of Redondo Beach for calendar years 2018 - 2020.

(1) Includes churches and religious building, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.
(2) May not add up due to rounding.

[*Remainder of Page Intentionally Left Blank*]

Employment and Industry

Los Angeles-Long Beach-Glendale Metropolitan Division civilian labor force and wage and salary employment figures for calendar years 2017 through 2021 are shown in the following table.

Los Angeles-Long Beach-Glendale Metropolitan Division
Industry Employment & Labor Force - by Annual Average

Category	2017	2018	2019	2020	2021[1]
Civilian Labor Force	5,123,900	5,077,300	5,105,400	5,210,600	4,915,800
Civilian Employment	4,883,600	4,828,200	4,848,100	4,957,000	4,289,900
Civilian Unemployment	240,300	249,100	257,300	253,500	625,900
Civilian Unemployment Rate	4.70%	4.90%	5.00%	12.8%	12.70%
Total Farm	5,800	4,100	4,200	4,000	4,100
Total Nonfarm	4,435,700	4,461,200	4,508,600	4,579,700	4,014,400
Total Private	3,850,200	3,871,400	3,914,800	3,983,000	3,468,200
Goods Producing	490,100	485,500	485,400	488,700	446,600
Mining, Logging and Construction	139,900	142,800	146,000	152,800	147,700
Mining and Logging	2,200	2,000	1,900	1,800	1,600
Construction	137,700	140,800	144,100	151,000	146,100
Manufacturing	350,100	342,700	339,400	335,900	298,900
Durable Goods	202,000	199,200	200,000	199,600	178,400
Nondurable Goods	148,100	143,500	139,400	136,300	120,500
Service Providing	3,945,600	3,975,700	4,023,200	4,091,000	3,567,800
Private Service Providing	3,360,100	3,385,900	3,429,400	3,494,300	3,021,600
Trade, Transportation & Utilities	838,900	850,400	853,400	854,800	798,100
Information	214,500	219,400	220,000	228,200	173,100
Financial Activities	221,100	221,000	221,700	222,500	207,700
Professional & Business Services	613,400	610,900	631,300	637,300	582,800
Educational & Health Services	794,300	809,400	822,000	851,100	819,100
Leisure & Hospitality	523,900	518,900	526,400	540,900	327,900
Other Services	154,100	155,900	154,600	159,500	112,900
Government	585,500	589,800	593,800	596,700	546,200
Total, All Industries	**4,441,400**	**4,465,300**	**4,512,800**	**4,583,700**	**4,018,500**

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles-Long Beach-Glendale Metropolitan Division (Los Angeles County), Industry Employment & Labor Force - by Annual Average, March 2021 Benchmark.

[1] Data as of April 1, 2021.

[*Remainder of Page Intentionally Left Blank*]

The following table summarizes the labor force, employment and unemployment figures for the years 2016 through 2020 for the City, the County, the State and the nation as a whole.

CITY OF REDONDO BEACH, LOS ANGELES COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	Labor Force	Employment (1)	Unemployment (2)	Unemployment Rate (%) (3)
2016				
City of Redondo Beach	40,600	39,300	1,300	3.2%
Los Angeles County	5,043,300	4,778,800	264,500	5.2
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Redondo Beach	39,300	38,100	1,200	3.0%
Los Angeles County	5,123,900	4,883,600	240,300	4.7
California	19,311,700	18,387,800	923,900	4.8
United States	160,597,000	154,021,000	6,576,000	4.1
2018				
City of Redondo Beach	41,300	39,800	1,600	3.80%
Los Angeles County	5,095,500	4,860,300	235,200	4.6
California	19,239,000	18,407,000	964,000	
United States	161,765,000	155,266,000	6,499,000	4.0
2019				
City of Redondo Beach	41,500	40,000	1,500	3.60%
Los Angeles County	5,121,600	4,894,300	227,300	4.4
California	19318000	18507000	4.2	
United States	163,010,000	156,809,000	6,201,000	3.8
2020				
City of Redondo Beach	38,700	35,000	3,800	9.70%
Los Angeles County	4,921,500	4,291,700	629,800	12.8
California	19,169,000	18,305,000	864,000	4.5
United States	162,721,000	155,536,000	7,185,000	4.4

Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics, March 2020 Benchmark.

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

APPENDIX B
FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

______, 2021

[to come]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX Doncerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and neither the Authority nor the City takes responsibility for the completeness or accuracy thereof. The Authority and the City cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) 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, 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. The information set forth in such website is not incorporated herein by reference.

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

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

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

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

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

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Authority believe to be reliable, but the City and the Authority take no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of July 1, 2021, is executed and delivered by the City of Redondo Beach (the "City"), and Kosmont Transactions Services, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Redondo Beach Community Financing Authority (the "Authority") of its $[principal amount] aggregate initial principal amount of Taxable Lease Revenue Refunding Bonds, Series 2021A (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of July 1, 2021 (the "Indenture"), by and between the City and U.S. Bank National Association. The City and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

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

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean Kosmont Transaction Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system located at http://www.emma.msrb.org, which is the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule, or such other successor repository site as prescribed by the MSRB.

"Financial Obligation" shall mean a: (A) Debt obligation; (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) Guarantee of any financial obligation outlined in the foregoing (A) or (B). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean the City.

"Official Statement" shall mean the final Official Statement, dated __, 2021, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than March 31 after the end of the City's fiscal year of each year, commencing March 31, 2022 with the report for the 2020-2021 fiscal year, provide to the MSRB, via EMMA, in an electronic format accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the date specified in subsection (a) above, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A, or in such other form as prescribed or acceptable to MSRB.

(d) The Dissemination Agent (if other than the City) shall, if and to the extent the City has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the City (which may be provided electronically on the Dissemination Agent's website) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

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

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

(b) A statement of any investment losses incurred by the City's General Fund in excess of $1,000,000 in any Fiscal Year:

(c) An update of Tables 2-9 and 11 contained in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, which notice shall be given in a timely manner, not in excess of ten (10) business days after the occurrence of such Listed Event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

(13) 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, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

(16) 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.

(b) The Dissemination Agent shall, within one (1) business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), inform the City of the occurrence of such event. As soon as reasonably practicable after obtaining knowledge of the occurrence of such event (regardless of whether the source of the information is the Dissemination Agent pursuant to the foregoing sentence or another source), the City shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall, within one (1) business day after obtaining knowledge of the occurrence of any of any of the events listed in Section 5(a) (2), (7), (8), (10), (13) or (14), inform the City of the occurrence of such event and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the City obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (8), (10), (13) or (14), the City shall as soon as possible, in order to meet the ten (10) business day deadline to file notices required under the Rule and pursuant to the following sentence, determine if such event would be material under applicable Federal securities law. If the City determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent.

(a) The City hereby appoints and engages the Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The City may replace the Dissemination Agent with or without cause. If at the time there is no designated Dissemination Agent appointed by the City, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder by giving 30-days written notice to the City.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees agreed to between the Dissemination Agent and the City from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review or verify any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, holders or beneficial owners of the Bonds or any other party. The Dissemination Agent's obligation to deliver the information at the times and with the content described herein shall be limited to the extent the City has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no responsibility for the City's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether the City has complied with this Disclosure Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of bond counsel.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. For purposes of this paragraph, "impact" has the meaning as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(b).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent. The Dissemination Agent may rely conclusively on any opinion of bond counsel delivered pursuant to the provisions of this Section 8, and shall have no duty to determine or liability for failing to determine whether any amendment made pursuant to this Section 8 is consistent with guidance provided by the Securities and Exchange Commission with regard to permitted amendments, or the manner of effecting such amendments, under the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of bond counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Redondo Beach 415 Diamond Street Redondo Beach, CA 90277 Attention: City Manager Phone: (310) 937-5315
To Dissemination Agent:	Kosmont Transactions Services 1230 Rosecrans Avenue, Suite 630 Manhattan Beach, CA 90266 Phone: 424-297-1070

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first written above.

CITY OF REDONDO BEACH

____
William C. Brand, Mayor

KOSMONT TRANSACTIONS SERVICES
as Dissemination Agent

____
Authorized Officer

EXHIBIT A

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

Name of Issuer:	Redondo Beach Community Financing Authority
Name of Bond Issue:	$[principal amount] Redondo Beach Community Financing Authority Lease Revenue Bonds, Series 2021A
Date of Issuance:	July __, 2021

NOTICE IS HEREBY GIVEN that the City of Redondo Beach (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2021, by and between the City and Kosmont Transaction Services, as dissemination agent. The City anticipates that the Annual Report will be filed by ________________.

Date:_______________, 20__

By:____
Title:_______________________________________

cc: City Manager, City of Redondo Beach

APPENDIX F

CITY OF REDONDO BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020