

Attachment E

Preliminary Official Statement (with Continuing Disclosure Agreement as Appendix F)

NEW ISSUE – BOOK ENTRY ONLY

NOT RATED

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, subject to certain qualifications described in the Official Statement, under existing statutes, regulations, rules and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Official Statement, the interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, such interest (and original issue discount) is exempt from State of California personal income taxes. See “CONCLUDING INFORMATION—Tax Matters” herein.

\$4,585,000*

[DAC BOND LOGO]

CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
LIMITED OBLIGATION IMPROVEMENT BONDS
2021 SERIES A

Dated: Date of Delivery

Due: September 2, as shown inside cover

The City of Newport Beach Assessment District No. 113 Limited Obligation Improvement Bonds 2021 Series A (the “Bonds”) are limited obligations of the City of Newport Beach (the “City”) secured by special assessments to be levied on real property located within the City of Newport Beach Assessment District No. 113 (the “Assessment District”).

The design and undergrounding of certain utilities within the Assessment District (the “Improvements”) being financed by the City and the levy of special assessments within the Assessment District will be undertaken as provided by the Municipal Improvement Act of 1913. The Bonds are issued pursuant to provisions of the Improvement Bond Act of 1915 and a Fiscal Agent Agreement dated as of _____ 1, 2021 (the “Fiscal Agent Agreement”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”) to (i) fund the Reserve Fund for the Bonds, (ii) finance capitalized interest on the Bonds through September 2, 2021, (iii) pay costs of issuance, (iv) reimburse the City for the costs of forming the Assessment District, (v) fund certain administrative expenses relating to the Assessment District, and (vi) pay the costs of the Improvements. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE ASSESSMENT DISTRICT” herein.

The Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) in the denomination of \$5,000 or any integral multiple thereof. Interest is payable semiannually on March 2 and September 2 of each year, commencing September 2, 2021. Purchasers will not receive certificates representing their interest in the Bonds. Payments of principal and interest on the Bonds will be paid by the Fiscal Agent directly to the registered owner of the Bonds. Upon receipt of payments of principal and interest on Bonds registered to its nominee, DTC is to remit such principal and interest to DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of such Bonds. See APPENDIX E—“BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to redemption prior to maturity as described under “THE BONDS—Redemption of Bonds” herein.

Under the provisions of the Improvement Bond Act of 1915, installments of principal and interest sufficient to meet annual Bond debt service will be levied by the City and billed by the County of Orange (the “County”) to owners of property within the Assessment District against which there are unpaid assessments. Upon receipt by the City from the County, these annual assessment installments are to be deposited into the Assessment Fund to be held by the City and used to pay debt service on the Bonds as they become due. The Bonds will be secured by a pledge and lien on the assessments and moneys on deposit in the Assessment Fund.

Unpaid assessments constitute fixed liens on the parcels assessed within the Assessment District and do not constitute a personal indebtedness of the respective owners of such parcels. Accordingly, in the event of a delinquency, proceedings may be taken only against the real property securing the delinquent assessment. Thus, the value of land within the Assessment District is a critical factor in determining the investment quality of the Bonds. See “THE ASSESSMENT DISTRICT—Value-to-Assessment Lien Ratios” and “BONDOWNERS’ RISKS—Land Values” herein.

The Fiscal Agent will establish a Reserve Fund and deposit therein Bond proceeds in the amount of the Reserve Requirement to provide funds for payment of principal and interest on the Bonds in the event of any delinquent assessment installments. The City’s obligation to advance funds to the Redemption Fund as a result of delinquent installments is limited to the balance in the Reserve Fund. The City has covenanted to initiate judicial foreclosure in the event of a delinquency as described herein. See “SECURITY FOR THE BONDS—Covenant to Foreclose and Court Foreclosure Proceedings.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF NEWPORT BEACH, THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE FISCAL AGENT AGREEMENT.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including, without limitation, “BONDOWNERS’ RISKS,” to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and delivered to the Underwriter subject to the approval of Stradling Yocca Carlson & Rauth, Newport Beach, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery to The Depository Trust Company in New York, New York on or about _____, 2021.

[STIFEL LOGO]

Dated: _____, 2021

* Preliminary; subject to change.

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

\$ _____
**CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
LIMITED OBLIGATION IMPROVEMENT BONDS
2021 SERIES A**

**BASE CUSIP[†]: 651784
MATURITY SCHEDULE**

<i>Maturity Date (September 2)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†]</i>
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**CITY OF NEWPORT BEACH
COUNTY OF ORANGE, CALIFORNIA**

CITY COUNCIL

Brad Avery, *Mayor*
Kevin Muldoon, *Mayor Pro Tem*
Joy Brenner, *Councilmember*
Diane Dixon, *Councilmember*
Duffy Duffield, *Councilmember*
Noah Blom, *Councilmember*
Will O'Neill, *Councilmember*

CITY OFFICIALS

Grace Leung, *City Manager*
Scott Catlett, *Finance Director*
Aaron Harp, *City Attorney*
Leilani Brown, *City Clerk*

BOND COUNSEL AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

FISCAL AGENT

U.S. Bank National Association
Los Angeles, California

ASSESSMENT ENGINEER

NV5
Irvine, California

No dealer, broker, salesperson or other person has been authorized by the City, the Fiscal Agent or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Fiscal Agent or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth herein which has been obtained by the City from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the City or the Fiscal Agent. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, the landowners within the City or any other parties described herein since the date hereof. All summaries of the Fiscal Agent Agreement or 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.

While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE ASSESSMENT DISTRICT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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ASSESSMENT DISTRICT AERIAL

\$4,585,000*
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
LIMITED OBLIGATION IMPROVEMENT BONDS
2021 SERIES A

INTRODUCTION

Purpose

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the City of Newport Beach (the “City”) of the \$4,585,000* City of Newport Beach Assessment District No. 113 Limited Obligation Improvement Bonds 2021 Series A (the “Bonds”). The proceeds of the Bonds will be used to (i) fund the Reserve Fund for the Bonds, (ii) finance capitalized interest on the Bonds through September 2, 2021, (iii) pay costs of issuance, (iv) reimburse the City for the costs of forming the Assessment District, (v) fund certain administrative expenses relating to the Assessment District, and (vi) pay the costs for the design and undergrounding of certain utilities (the “Improvements”) within the City of Newport Beach Assessment District No. 113 (the “Assessment District”). See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE ASSESSMENT DISTRICT” herein.

The Bonds are to be issued pursuant to a Fiscal Agent Agreement by and between the City and U.S. Bank National Association (the “Fiscal Agent”), dated as of _____ 1, 2021 (the “Fiscal Agent Agreement”) and a Resolution adopted by the City Council of the City on _____, 2021 (the “Resolution of Issuance”). The Bonds are secured under the Fiscal Agent Agreement by a pledge of and lien upon the Assessments (as defined therein) and all moneys on deposit in the Assessment Fund, the Redemption Fund and the Reserve Fund. See “SECURITY FOR THE BONDS.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in, this entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in APPENDIX C—“SUMMARY OF THE FISCAL AGENT AGREEMENT—Definitions” herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption “THE ASSESSMENT DISTRICT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY

* Preliminary; subject to change.

FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The Assessment District

The Assessment District is located in the City in an area that generally consists of the west end of Balboa Island, running from the west end of the island to Agate Avenue. There are 163 parcels in the Assessment District with unpaid assessments securing the Bonds. The property in the Assessment District is zoned primarily residential and all parcels with unpaid Assessments have been developed. See “THE ASSESSMENT DISTRICT” herein.

Assessment proceedings were initiated by the City Council of the City pursuant to the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the “Act”) by adoption of Resolution No. 2018-68 on September 25, 2018, declaring its intention to form the Assessment District. NV5, Irvine, California, (the “Assessment Engineer”), prepared a written report which contained among other things, the proposed assessment for each parcel of land in the Assessment District. The written report was filed and preliminarily approved by the City Council by Resolution No. 2018-69 adopted on September 25, 2018 (the “Engineer’s Report”). On November 27, 2018, a public hearing was duly held as noticed, and all persons interested and desiring to be heard were given an opportunity to speak and be heard, and all matters pertaining to the levy were fully heard and considered by the City Council, and all oral statements and all written protests or communications were duly considered. Following the public hearing, the assessment ballots were tabulated by the Assessment Engineer and the City Clerk and it was found that a majority protest as defined by Article XIID of the California Constitution did not exist.

The Assessments were confirmed by the City on November 27, 2018, and the Assessment Diagram was recorded in the County Recorder’s Office on November 30, 2018. However, the City did not record the notice of assessment for the District until February 16, 2021. Between the time of the confirmation of the Assessments and the recordation of the notice of assessment, there were changes in the ownership of 23 properties within the Assessment District; and the aggregate amount of the Assessments applicable to such properties was \$621,590. The City believes that most, if not all, of the subsequent purchasers of these properties acquired them with actual or constructive knowledge of the existence of the Assessment District and the applicable Assessment. The City has covenanted in the Fiscal Agent Agreement that it will prepay the outstanding amount of any Assessment that is declared to be invalid as a result of the lack of actual or constructive notice thereof on the part of the owner of the applicable property in a final, non-appealable judgment against the City.

On November 27, 2018, the City Council adopted its resolution confirming the proposed assessments. The City Council confirmed a total assessment of \$6,249,500. The City has recorded such confirmed assessments. Upon recordation, the assessments became liens against the various assessed parcels.

All property owners in the Assessment District were then given mailed notice of the opportunity to pay all or a portion of their Assessments in cash. Originally, there were 215 assessed parcels with Assessments totaling \$6,249,500. During the cash prepayment period, 52 parcels fully prepaid their Assessments. There remains \$4,589,189 of unpaid Assessments securing the Bonds (the “Assessments”). See “SECURITY FOR THE BONDS.”

Property Values and Value-to-Assessment Lien Ratios

The aggregate assessed value of the parcels in the City with unpaid Assessments, as shown in the County of Orange assessor’s roll for fiscal year 2020-21, was \$294,828,504. The ratio of the assessed value of

such parcels to the total amount of the unpaid Assessments, is approximately 64.24* to 1. See “THE ASSESSMENT DISTRICT—Value-to-Lien Assessment Ratios” for certain value-to-lien information with respect to the parcels within the Assessment District. See “THE ASSESSMENT DISTRICT—Direct and Overlapping Indebtedness” for a description of certain other taxes and assessments imposed upon the property within the Assessment District.

No Additional Bonds

The City is not authorized to issue additional bonds (other than the Bonds or any refunding bonds) secured by the Assessments.

The Improvements

Bond proceeds will primarily be used to provide financing to underground overhead power, telephone and cable facilities in the Assessment District. The proposed underground utility improvements will provide conversion to an upgraded utility system and are expected to enhance neighborhood aesthetics, safety and reliability. See APPENDIX B—“ENGINEER’S REPORT.”

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Fiscal Agent under the Fiscal Agent Agreement. Digital Assurance Certification, LLC, Orlando, Florida, will serve as the initial Dissemination Agent under the City’s Continuing Disclosure Agreement. Urban Futures, Inc., Tustin, California, will act as Municipal Advisor to the City in connection with the Bonds. The legal proceedings in connection with the issuance and delivery of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. Other professional services have been performed by NV5, Irvine, California, as Assessment Engineer, and Willdan Financial Services, as Assessment District Consultant.

For information concerning financial or other interests which certain of the above-mentioned professionals, advisors, counsel and agents may have in the offering of the Bonds, see “CONCLUDING INFORMATION—Financial Interests” herein.

Continuing Disclosure

The City has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, as amended, certain annual financial information and operating data. The City has further agreed to provide notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5). See “CONCLUDING INFORMATION—Continuing Disclosure” herein and Appendix F hereto for a description of the specific nature of the annual reports and notices of enumerated events to be provided by the City.

Bond Owners’ Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “BONDOWNERS’ RISKS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in

* Preliminary, subject to change.

the Bonds. The purchase of the Bonds involves risks, and the Bonds are not suitable investments for some types of investors. See “BONDOWNERS RISKS” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Fiscal Agent Agreement, the Bonds and the constitution and laws of the State as well as the proceedings of the City Council of the City, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Fiscal Agent Agreement. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement, the Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the Fiscal Agent of a charge for copying, mailing and handling) for delivery from the Fiscal Agent.

ESTIMATED SOURCES AND USES OF FUNDS

The Fiscal Agent will receive the proceeds from the sale of the Bonds upon delivery of such Bonds to the purchasers thereof. The proceeds of the Bonds will be applied as set forth in the following table:

SOURCES:	
Par Amount of Bonds	\$
Less Net Original Issue Discount	
Less Underwriter’s Discount	
Total Sources	<u>\$</u>
 USES:	
Improvement Fund ⁽¹⁾	\$
Costs of Issuance Fund ⁽²⁾	
Interest Account ⁽³⁾	
Administrative Expense Fund ⁽⁴⁾	
Reserve Fund	
Total Uses	<u>\$</u>

⁽¹⁾ Amounts to be used to finance the construction of the Improvements.
⁽²⁾ Includes costs of issuance, such as Fiscal Agent, Municipal Advisor, Bond Counsel and Disclosure Counsel fees and costs, printing costs and other related costs for the issuance of Bonds, reimbursable expenses of the City, certain upfront design and engineering costs and the costs of the formation of the Assessment District.
⁽³⁾ To fund interest on the Bonds through approximately September 2, 2021.
⁽⁴⁾ To fund certain administrative expenses relating to the Assessment District.

THE BONDS

General

The \$4,585,000* aggregate principal amount of the Bonds was authorized for issuance by the Resolution of Issuance and are being issued by the City pursuant to the Act and the Fiscal Agent Agreement between the City and the Fiscal Agent.

The Bonds will be dated their date of delivery and mature on September 2 in the years and in the amounts shown on the cover page of this Official Statement. Interest shall be payable semiannually on March 2 and September 2 of each year until maturity commencing September 2, 2021. The Bonds are issued as fully registered bonds, with authorized denominations of \$5,000 and any increment of \$5,000 in excess thereof.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after a Record Date and on or before the immediately succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated before the close of business on the first Record Date, in which event it shall bear interest from its dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon or from the date of original delivery of the Bonds, if no interest has previously been paid or made available for payment on the Outstanding Bonds.

Interest on the Bonds is payable by the Fiscal Agent on each Interest Payment Date, until the principal amount of a Bond including mandatory sinking fund payments thereon, if any, has been paid or made available for payment, to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of the Business Day on the Record Date preceding the Interest Payment Date. The Bonds will be held in book-entry form and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), all interest payments will be made directly to DTC for distribution to the beneficial owners in accordance with DTC's procedures. See APPENDIX E—"BOOK-ENTRY ONLY SYSTEM" herein.

Redemption of Bonds*

Optional Redemption. The Bonds are subject to redemption prior to their stated maturity dates on any Interest Payment Date on and after September 2, 20__ from such maturities as selected by the City, from any source of funds other than Prepayment of Assessments, including, but not limited to, surplus monies on deposit in the Improvement Fund, at the following redemption prices (expressed as a percentage of the principal amount being redeemed), together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Prices</i>
September 2, 20__ and March 2, 20__	103%
September 2, 20__ and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and any Interest Payment Date thereafter	100

Mandatory Redemption From Assessment Prepayments. Whenever, as of an Interest Payment Date, there are sufficient funds in the Prepayment Account of the Redemption Fund from the proceeds of prepayments of Assessments, the Bonds shall be called for redemption as provided in Part 11.1 of the Improvement Bond Act of 1915 (the "1915 Act"). Each Bond, or any portion thereof, in the principal amount

* Preliminary, subject to change.

* Preliminary, subject to change.

of \$5,000 or any integral multiple thereof, may be redeemed and paid in advance of maturity on any Interest Payment Date in any year pro rata among maturities, by giving notice to the Owner thereof and by paying the principal amount thereof, plus interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, together with a redemption premium (expressed as percentages of the principal amount of the Bonds to be redeemed) at the following redemption prices:

<i>Redemption Date</i>	<i>Redemption Prices</i>
Interest Payment Dates on or prior to March 2, 20__	103%
September 2, 20__ and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and any Interest Payment Date thereafter	100

Mandatory redemption from prepayments of Assessments could reduce the otherwise expected yield on the Bonds. See “BONDOWNERS’ RISKS – Potential Early Redemption of Bonds from Prepayments or Other Sources.”

Mandatory Sinking Fund Redemption. The Bonds shall be called before maturity and redeemed, from mandatory sinking fund payments that have been deposited into the Redemption Fund, on September 2, 20__, and on each September 2 thereafter prior to maturity and at maturity, in accordance with the schedule of payments set forth below. The Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 2, ____

<i>Redemption Date</i> <i>(September 2)</i>	<i>Principal Amount</i>
--	-------------------------

(maturity)

In the event of a partial optional redemption or mandatory redemption of the Bonds, each of the remaining mandatory sinking fund payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis as directed by the City.

Purchase of Bonds

In lieu of payment at maturity or redemption, moneys in the Redemption Fund may be used and withdrawn by the Fiscal Agent for purchase of outstanding Bonds, upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus the premium, if any, which would be paid upon redemption, plus interest accrued to the date of purchase.

Notice of Redemption

With respect to the Bonds held in book-entry form, notices of redemption will be mailed only to The Depository Trust Company and not to any beneficial owner of the Bonds.

The Fiscal Agent shall cause notice of any redemption to be mailed by registered or certified mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the securities depository and to certain information services, and to the respective registered Owners of any Bonds

designated for redemption, at their addresses appearing on the Bond registration books maintained by the Fiscal Agent; but the actual receipt of any notice shall not be a condition precedent to such redemption and failure to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date.

A notice of redemption for optional redemption may be conditioned on the receipt by the City of sufficient funds to effect the redemption. If sufficient funds are not received by the City by the redemption date, the redemption shall not occur and the Bonds will remain outstanding under the Fiscal Agent Agreement. If any redemption is cancelled due to lack of sufficient funds, the Fiscal Agent shall mail a notice to the Bondowners stating that such redemption was cancelled and did not occur.

Selection of Bonds for Redemption

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds, the City shall select the Bonds for redemption in such a way that the ratio of Outstanding Bonds to issued Bonds shall be approximately the same in each maturity of the Bonds insofar as possible. The Fiscal Agent shall select the particular Bonds to be redeemed from each maturity by lot.

Refunding Bonds

Pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the Streets and Highways Code) (the "1984 Act"), the City may issue refunding bonds for the purpose of redeeming the Bonds. The City may issue and sell refunding bonds without giving notice to and conducting a hearing for the owners of property in the Assessment District or giving notice to the owners of the Bonds if the City Council makes the findings required in the 1984 Act.

Registration, Exchange or Transfer

The registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the office of the Fiscal Agent for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Fiscal Agent will not charge the Owner for any new Bond issued upon any exchange or transfer, but shall require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. The cost of printing any Bonds and any services rendered or any expenses incurred by the Fiscal Agent in connection with any exchange or transfer shall be paid by the City as Administrative Expenses. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond or Bonds of the same maturity for a like aggregate principal amount; provided, that the Fiscal Agent shall not be required to register transfers or make exchanges of Bonds (a) 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (b) with respect to a Bond after such Bond has been selected for redemption.

Annual Debt Service

Table 1 below sets forth the annualized debt service on the Bonds based on the maturity schedule and interest rates set forth on the cover page of this Official Statement assuming no earlier redemption thereof (other than mandatory sinking fund redemption, if any).

**TABLE 1
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
LIMITED OBLIGATION IMPROVEMENT BONDS
2021 SERIES A**

Annualized Debt Service

<i>Year Ending September 2</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	\$	\$	\$
Total	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

Source: Underwriter.

SECURITY FOR THE BONDS

Limited Obligation

The obligation of the City relating to the Bonds is not a general obligation of the City, but is a limited obligation, payable solely from the Assessments and from the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds. **Notwithstanding any other provision of the Fiscal Agent Agreement, the City is not obligated to advance available surplus funds from the City treasury to cure any deficiency in the Redemption Fund.**

Assessment Liens and Installments

The Bonds are issued upon and secured by and payable solely from the unpaid Assessments on parcels of property within the Assessment District together with interest thereon, and such unpaid Assessments, together with interest thereon, constitute a fund for the redemption and payment of the principal, including mandatory sinking fund payments, if any, of the Bonds and the interest thereon and premium, if any. The Bonds are secured by the moneys in the Assessment Fund, the Redemption Fund and the Reserve Fund created pursuant to the Fiscal Agent Agreement. Amounts in the Reserve Fund will secure the payment of debt service on the Bonds.

THE BONDS ARE NOT SECURED BY THE GENERAL TAXING POWER OF THE CITY, THE COUNTY OF ORANGE OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR IS THE FULL FAITH AND CREDIT OF THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS PLEDGED TO THE PAYMENT OF THE BONDS.

Although the unpaid Assessments constitute fixed liens on the parcels assessed, they do not constitute a personal indebtedness of the respective owners of such parcels. There can be no assurance as to the ability or the willingness of such owners to pay the unpaid Assessments when due. See “BONDOWNERS’ RISKS” herein.

The unpaid Assessments will be collected in annual installments, together with interest, on the County secured tax roll on which general taxes on real property are collected (the “Assessment Installments”). The Annual Installments will also include an amount for the payment of administrative expenses in the amount set forth in the Engineer’s Report; such amounts are not available to pay debt service on the Bonds. The Assessment Installments are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes. The properties upon which the Assessments are levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. The City shall immediately deposit the annual Assessment Installments into the Assessment Fund held by the City upon receipt from the County. Amounts in the Assessment Fund shall secure the payment of debt service on the Bonds. On or prior to the first day of March and September of each year, the City shall transfer to the Fiscal Agent for deposit into the Redemption Fund and the Reserve Fund the amount required in the Fiscal Agent Agreement.

The Assessment Installments billed against each of the parcels in the Assessment District each year represent a pro rata share of the total principal, including mandatory sinking fund payments, if any, and interest coming due on all of the Bonds that year, including any amounts needed to replenish the Reserve Fund. The amount billed against each parcel is based on the percentage which the unpaid Assessment against the property bears to the total of unpaid Assessments in the Assessment District. The failure of a property owner to pay an annual Assessment Installment will not result in an increase in Assessment Installments against other property in the Assessment District.

Each property owner has a statutory right to prepay the Assessment on a parcel in whole or in part on any date. Amounts received as prepaid Assessments will be deposited in the Prepayment Account of the Redemption Fund and shall be used solely for the purpose of redeeming Bonds. See “THE BONDS—Redemption of Bonds—*Mandatory Redemption from Assessment Prepayments.*”

Limited Obligation Upon Delinquency

THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY AND ARE PAYABLE SOLELY FROM THE ASSESSMENTS AND THE ASSETS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT. THE CITY HAS DETERMINED NOT TO OBLIGATE ITSELF AND HAS NO LEGAL OR MORAL OBLIGATION TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO

PAY BOND DEBT SERVICE IN THE EVENT OF DELINQUENT ASSESSMENT INSTALLMENTS. BONDOWNERS SHOULD NOT RELY UPON THE CITY TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO THE REDEMPTION FUND. NOTWITHSTANDING THE FOREGOING, THE CITY MAY, AT ITS SOLE OPTION AND IN ITS SOLE DISCRETION, ELECT TO ADVANCE SUCH FUNDS.

Reserve Fund

The Fiscal Agent Agreement provides that a Reserve Fund must be maintained. As established by the Fiscal Agent Agreement, the Reserve Fund is to be held by the Fiscal Agent. The amount to be maintained in the Reserve Fund is to equal the Reserve Requirement. The Reserve Requirement means, as of any date of calculation, 50% of the then maximum annual debt service due on the Bonds. Upon issuance of the Bonds, the Reserve Requirement shall be \$ _____. Moneys in the Reserve Fund shall be held for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of, including mandatory sinking fund payments, if any, and interest on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds. See APPENDIX C—"SUMMARY OF FISCAL AGENT AGREEMENT."

In connection with an Assessment prepayment, the amount of each Assessment prepaid shall be reduced by the amount the Fiscal Agent is required to transfer from the Reserve Fund for deposit in the Prepayment Account of the Redemption Fund. Under the Fiscal Agent Agreement, the Fiscal Agent is to transfer the portion of the balance then in the Reserve Fund equal to the proportion that the Assessment prepaid bears to the total of all Assessments remaining unpaid as of such date. The City shall notify, or shall cause the Fiscal Agent to be notified of the amount so transferred. After each such transfer, the Reserve Requirement shall be reduced by the amount of the related transfer.

Whenever there are insufficient funds in the Redemption Fund to meet the next maturing installment of principal of, including mandatory sinking fund payments, if any, or interest on the Bonds, the Fiscal Agent shall transfer from the Reserve Fund for deposit into the Redemption Fund an amount necessary to satisfy such deficiency. The City agrees in the Fiscal Agent Agreement that if such insufficiency was caused by delinquent payment of Assessment Installments, then an amount equal to the amount so transferred shall be reimbursed and transferred by the City to the Fiscal Agent, for deposit in the Reserve Fund from the proceeds of redemption or sale of the delinquent parcel.

If at any time the amount of interest earned by the investment of any portion of the Reserve Fund, together with the principal amount in the Reserve Fund, shall exceed the Reserve Requirement, such excess shall, at the written direction of the City, be transferred by the Fiscal Agent to the Redemption Fund and shall be credited by the City upon the unpaid Assessments in the manner set for the in the 1913 Act.

Whenever the balance in the Reserve Fund and the Redemption Fund is sufficient to retire all the remaining outstanding Bonds, the Fiscal Agent shall transfer at the written direction of the City the balance in the Reserve Fund to the Redemption Fund and the City shall cease the collection of the principal and interest on the unpaid Assessments. In such case, the City shall credit the balance so transferred against the Assessments remaining unpaid in the manner set forth in the 1915 Act.

THE CITY HAS NO OBLIGATION TO REPLENISH THE RESERVE FUND EXCEPT TO THE EXTENT THAT DELINQUENT ASSESSMENT INSTALLMENTS ARE PAID OR PROCEEDS FROM FORECLOSURE SALES ARE REALIZED.

Covenant to Foreclose and Court Foreclosure Proceedings

The 1913 Act provides that in the event any Assessment or installment thereof or any interest thereon is not paid when due, the City may order the institution of a court action to foreclose the lien of the unpaid Assessment. In such an action, the real property subject to the unpaid Assessment may be sold at judicial

foreclosure sale. This foreclosure sale procedure is not mandatory. However, pursuant to the Fiscal Agent Agreement, the City will review the public records of the County of Orange, California, in connection with the collection of the Assessment Installments not later than August 1 of each year to determine the amount of Assessment Installments collected in the prior Fiscal Year. If the City determines that any parcel or parcels are delinquent in the payment of Assessment Installments, then the City will cause judicial foreclosure proceedings to be filed in the Superior Court not later than December 1 of each year, and will prosecute diligently such foreclosure proceedings to judgment and judicial foreclosure sale; provided, however, the commencement of any foreclosure action may be deferred in the sole discretion of the City if, and only so long as, the amount in the Reserve Fund is not less than seventy percent (70%) of the Reserve Requirement.

The 1913 Act provides that the court in a foreclosure proceeding has the power to order property securing delinquent Assessment Installments to be sold for an amount not less than all Assessment Installments, interest, penalties, costs, fees and other charges that are delinquent at the time the foreclosure action is ordered and certain other fees and amounts as provided in the 1913 Act. The court may also include subsequent delinquent Assessment Installments and all other delinquent amounts.

If the property to be sold fails to sell for the minimum price described above, the City may petition the court to modify the judgment so that the property may be sold at a lesser price or without a minimum price. In certain circumstances, the court may modify the judgment after a hearing if the court makes certain determinations, including, but not limited to, a determination that the sale at less than the minimum price will not result in an ultimate loss to the Owners of the Bonds, or a determination that the Owners of at least 75% of the principal amount of the Bonds outstanding have consented to the petition and the sale will not result in an ultimate loss to the nonconsenting Bond Owners. Neither the property owner, nor any holder of a security interest in the property, nor any defendant in the foreclosure action, nor any agent thereof may purchase the property at the foreclosure sale for less than the minimum price.

For any lot or parcel with not more than 4 dwelling units, a period of 140 days must elapse after the date of the notice of levy of the interest in real property is served on the judgment debtor before the sale of such lot or parcel can be made. However, pursuant to Streets and Highways Code Section 8832, the 140 day period may be shortened to 20 days for undeveloped property. If the judgment debtor fails to redeem, and if the purchaser at the sale is the judgment creditor (e.g., the City), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale.

In the event court foreclosure proceedings are commenced by the City, there may be delays in payments to Owners of the Bonds pending prosecution of the foreclosure proceedings to completion, including the receipt of the City of the proceeds of the foreclosure sale. It is also possible that no qualified bid will be received at the foreclosure sale. See “BONDOWNERS’ RISKS” herein.

Priority of Assessment Lien

The Assessments (and any further assessment or reassessment) and each installment thereof and any interest and penalties thereon constitute a lien against the lots and parcels of land on which they were imposed until paid. Such lien has priority over all fixed special assessment liens which may thereafter be created against the property, and also has priority over all private liens, including the lien of any mortgage or deed of trust whenever created. Such lien is co-equal to and independent of the lien for general taxes. See “THE ASSESSMENT DISTRICT—Direct and Overlapping Indebtedness” and “BONDOWNERS’ RISKS—FDIC/Federal Government Interests in Parcels.”

No Additional Bonds

The City is not authorized to issue additional bonds (other than the Bonds or any refunding bonds) secured by the Assessments. See “THE BONDS—Refunding Bonds” above.

THE ASSESSMENT DISTRICT

Description of the Assessment District

The property in the Assessment District is zoned residential and consists of a variety of completed structures. Originally, there were 215 assessed parcels with Assessments totaling \$6,249,500. During the cash prepayment period, 52 parcels fully prepaid their Assessments. There remains \$4,589,189 of unpaid Assessments secured against the remaining parcels within the Assessment District. The first installment of Assessments is expected to be levied in Fiscal Year 2021-22. The Assessment District is located in the City in an area that generally consists of the west end of Balboa Island, running from the west end of the island to Agate Avenue. The aggregate assessed value of parcels in the Assessment District with unpaid Assessments was \$294,828,504 for Fiscal Year 2020-21. The Improvements financed by the Assessment District will consist of the design and undergrounding of certain utilities within the Assessment District. Costs of the Improvements are estimated to be \$5,109,000. See “ESTIMATED SOURCES AND USES OF FUNDS.” Any surplus monies on deposit in the Improvement Fund may be used to redeem Bonds. See “THE BONDS—Redemption of Bonds.”

Description of Improvements

The Assessment District was formed to provide financing to underground power, telephone and cable facilities within the Assessment District. The proposed underground utility improvements will provide conversion to an upgraded utility system and will enhance neighborhood aesthetics, safety and reliability. The undergrounding project is expected to be completed by early 2024 and each parcel will be responsible for connecting to the undergrounded utilities after project completion at its owner’s expense.

The following table shows a summary of the District Improvement Project Cost Estimate as contained in the Final Engineer's Report prepared by the Assessment Engineer, a copy of which is attached hereto as Appendix B.

**TABLE 2
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
ENGINEER'S ESTIMATE OF COSTS AND EXPENSES**

<u>UTILITY ENGINEERING & CONSTRUCTION</u>	
Southern California Edison	\$ 390,000.00
AT&T	78,000.00
Civil Utility Construction Cost	3,554,000.00
Paving Restoration Cost	421,000.00
Contingency 15%	<u>666,000.00</u>
Total Construction:	\$ 5,109,000.00
 <u>INCIDENTAL EXPENSES⁽¹⁾</u>	
Total Incidental Expenses:	\$ <u>712,500.00</u>
Total Construction and Incidental Expenses:	\$ 5,821,500.00
 <u>FINANCIAL COSTS⁽²⁾</u>	
Total Financial Costs⁽³⁾:	\$ <u>428,000.00</u>
TOTAL ESTIMATE:	\$ <u>6,249,500.00</u>

⁽¹⁾ Includes costs for inspection, engineering, administration, printing, consultants and legal fees.
⁽²⁾ Includes Bond Reserve (5.0%), Underwriter's Discount (1%) and Capitalized Interest (1.3%).
⁽³⁾ Amount shown does not include savings due to payments received during cash collection period.
Source: Assessment Engineer's Report.

Formation Proceedings

The City Council has taken proceedings under the 1913 Act for the formation of the Assessment District and has confirmed the Assessments, which Assessments and a related diagram were recorded in the office of the Superintendent of Streets, and with the County Recorder of the County. A notice of assessment, as prescribed in Section 3114 of the Streets and Highways Code, was recorded with the County Recorder of the County, whereupon the Assessments attached as a lien upon the property assessed within the Assessment District as provided in Section 3115 of the Streets and Highways Code. On November 27, 2018, the City Council conducted a duly noticed public hearing regarding the formation of the Assessment District. As of the close of the public hearing, there was no majority protest. Property owners were then given an opportunity to prepay their assessments in cash or to pay them in annual installments following the issuance of the Bonds. At the end of the cash collection period, a list of unpaid assessments was filed with the Director of Finance of the City, acting as treasurer pursuant to Section 8620 of the 1915 Act totaling \$4,589,189.

Allocation of Assessments

The Assessment District was formed under the authority of the Act and Article XIID of the California State Constitution, together with its implementing legislation (collectively "Proposition 218"), which require that local agencies levy assessments according to the special benefit and prescribe the procedures for such levy. Costs and expenses of the proposed Improvements must be apportioned against the parcels in the Assessment District by a formula which proportionally and equitably distributes the costs in direct proportion to the estimated special benefits these parcels receive from the Improvements. Neither the Act or Proposition 218 specifies the method that is used to apportion the benefits.

In the Engineer's Report, the engineer identified the benefits the proposed Improvements will render to the properties within the Assessment District and determined that the property owners will receive a unique and special benefit distinguished from general benefits to the area at large. The unique and special benefit from the Improvements identified in the Engineer's Report is the enhancement of neighborhood aesthetics, safety and reliability which will provide a higher level of utility service and increase the desirability and specifically enhance the values of the properties within the Assessment District. See APPENDIX B—"ENGINEER'S REPORT" herein for a description of the method of apportionment of the assessments. Assessments range from a high of \$62,222.31 to a low of \$9,800.41 depending on the special benefit each property will receive from the Improvements as set forth in the Engineer's Report confirmed by the City Council.

Maximum Annual Assessment for Administrative Costs and Expenses

The costs associated with administering the Assessment District will be spread to each parcel in the Assessment District with unpaid Assessments on a pro-rata basis. Administrative costs for the Assessment District cannot exceed a total of \$50 per parcel per year, subject to an annual increase based on the U.S. Consumer Price Index, All Urban Consumers, for Los Angeles-Riverside-Orange County, as of January 1 of each year. Costs of administering the Assessment District will first be paid in Fiscal Year 2021-22.

Value-to-Assessment Lien Ratios

The value of the land within the Assessment District with unpaid Assessments is significant because in the event of a delinquency in the payment of Assessment Installments, the Assessment District may foreclose only against delinquent parcels. The assessed value of the property within the Assessment District with unpaid Assessments was \$294,828,504 for fiscal year 2020-21. As a result of Proposition 13, assessed values generally increase by no more than two percent annually. See "BONDOWNERS' RISKS – Property Values." Based on fiscal year 2020-21 assessed values and the unpaid Assessments, the parcels within the Assessment District with unpaid Assessments have an aggregated assessed value-to-assessment lien ratio of 64.24* to 1. See "THE ASSESSMENT DISTRICT—Direct and Overlapping Indebtedness" for a description of certain other taxes and assessments imposed upon the property within the Assessment District. Table 3 below categorizes the parcels with unpaid Assessments within the Assessment District by value-to-lien range.

* Preliminary, subject to change.

**TABLE 3
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
VALUE-TO-ASSESSMENT LIEN RATIOS**

<i>Value to Lien Ratio</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2020-21 Assessed Value⁽¹⁾</i>			<i>Assessment Lien</i>	<i>Overlapping Debt⁽²⁾</i>	<i>Percent of Lien</i>
		<i>Land</i>	<i>Structure</i>	<i>Total</i>			
Greater than 49.99:1	86	\$ 218,100,795	\$ 35,330,212	\$253,431,007	\$ 2,433,701	\$ 2,215,089	53.03%
40.00:1 to 49.99:1	6	6,190,531	1,401,220	7,591,751	169,044	66,335	3.68
30.00:1 to 39.99:1	14	10,642,044	2,866,524	13,508,568	388,998	118,070	8.48
20.00:1 to 29.99:1	13	7,448,760	1,525,074	8,973,834	357,699	78,435	7.79
10.00:1 to 19.99:1	15	4,086,150	1,892,642	5,978,792	439,305	52,257	9.57
5.00:1 to 9.99:1	22	2,950,070	1,539,474	4,489,544	611,275	39,240	13.32
Less than 5.00:1 ⁽³⁾	7	629,031	225,977	855,008	189,168	7,476	4.12
Totals ⁽⁴⁾	163	\$ 250,047,381	\$ 44,781,123	\$294,828,504	\$ 4,589,189	\$ 2,576,923	100.00%

(1) Assessed Value and Ownership as of January 1, 2020 as provided by the County of Orange Assessor.

(2) Overlapping Debt provided by California Municipal Statistics, Inc.

(3) Average value to lien ratio in this category is 4.52:1. Consists of 6 parcels owned by the same individuals since 1971 to 2003, and 1 property owner with a low assessed value due to application by the owner for an assessed value reduction, which was granted by the Orange County Board of Supervisors.

(4) Totals may not tie due to rounding.

Source: Orange County Assessor's Offices compiled by Willdan Financial Services.

Table 4 below categorizes the parcels with unpaid Assessments within the Assessment District by land use.

**TABLE 4
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
VALUE-TO-LIEN BY LAND USE**

<i>Land Use Category</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2020-21 Assessed Value⁽¹⁾</i>			<i>Assessment Lien</i>	<i>Overlapping Debt⁽²⁾</i>	<i>Total Direct and Overlapping Debt</i>	<i>Value to Lien⁽³⁾</i>	<i>Percentage of Lien</i>
		<i>Land</i>	<i>Structure</i>	<i>Total</i>					
Single Family Residential	88	\$158,134,384	\$ 32,323,535	\$ 190,457,919	\$ 2,467,411	\$ 1,664,679	\$ 4,132,090	46.09	57.66%
Multi-Family Residential	69	88,528,323	11,453,982	99,982,305	1,948,294	873,886	2,822,179	35.43	39.38
Commercial	6	3,384,674	1,003,606	4,388,280	173,485	38,358	211,843	20.71	2.96
Totals ⁽⁴⁾	163	\$250,047,381	\$ 44,781,123	\$ 294,828,504	\$ 4,589,189	\$ 2,576,923	\$ 7,166,112	41.14	100.00%

(1) Assessed Value and Ownership as of January 1, 2020 as provided by the County of Orange Assessor.

(2) Overlapping Debt provided by California Municipal Statistics, Inc.

(3) Represents "Total" divided by the "Total Direct and Overlapping Debt."

(4) Totals may not tie due to rounding.

Source: Orange County Assessor's Offices compiled by Willdan Financial Services.

Property Owners with Largest Assessments

No single property owner within the Assessment District is responsible for more than 1.39% of the total unpaid Assessments and no owner owns more than three parcels within the Assessment District. Table 5 below sets forth the top ten property owners within the Assessment District by share of unpaid Assessments.

**TABLE 5
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
TOP 10 PROPERTY OWNERS**

	<i>Property Owner⁽²⁾</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2020-21 Assessed Value⁽¹⁾</i>			<i>Assessment Lien</i>	<i>Percent of Lien</i>	<i>Value-to-Lien Ratio⁽³⁾</i>
			<i>Land</i>	<i>Structure</i>	<i>Total</i>			
1.	CHRISTIE, DANIEL L TR THE & D L CHRISTIE FAMILY TR	2	\$ 1,976,332	\$ 453,902	\$ 2,430,234	\$ 63,747	1.39%	38.12:1
2.	STONE, D M TR	1	1,369,311	804,025	2,173,336	62,222	1.36	34.93:1
3.	CHAPMAN, TRISH R & CHAPMAN-GILJE TR WATSON, PHYLLIS H TR THE & WATSON	2	540,219	333,221	873,440	58,898	1.28	14.86:1
4.	FAMILY SURVIVOR'S	2	5,317,268	698,626	6,015,894	57,181	1.25	105.21:1
5.	BEEK, LINDA TR BEEK & BYPASS TR	3	1,820,359	122,185	1,942,544	56,495	1.23	34.38:1
6.	KUPPER, ROBERT O TR	2	1,285,122	167,418	1,452,540	55,879	1.22	25.99:1
7.	DARLING, PENELOPE MYERS ADLER, KAREN LEE TR THE & WANDA	2	233,270	71,688	304,958	55,703	1.21	5.47:1
8.	MARY SHELTON FAMILY	1	504,366	179,253	683,619	48,133	1.05	14.20:1
9.	SOUTH BAYFRONT WATERPOINTE LLC MORALES, FRANCISCO JAVIER & TR	1	8,052,900	311,100	8,364,000	45,931	1.00	182.10:1
10.	MORALES FAMILY TR	1	3,121,456	937,664	4,059,120	40,308	0.88	100.70:1
SUBTOTAL⁽⁴⁾:		17	\$ 24,220,603	\$ 4,079,082	\$ 28,299,685	\$ 544,496	11.86%	51.97:1
ALL OTHER PROPERTY OWNERS		146	<u>\$ 225,826,778</u>	<u>\$ 40,702,041</u>	<u>\$ 266,528,819</u>	<u>\$ 4,044,693</u>	<u>888.14</u>	<u>65.90:1</u>
TOTALS⁽⁴⁾:		163	\$ 250,047,381	\$ 44,781,123	\$ 294,828,504	\$ 4,589,189	100.00%	64.24:1

(1) Assessed Value and Ownership as of January 1, 2020 as provided by the County of Orange Assessor.

(2) Property ownership as listed on the County of Orange secured tax roll for Fiscal Year 2020-21.

(3) Represents "Total" divided by "Assessment Lien."

(4) Totals and subtotals may not tie due to rounding.

Source: Orange County Assessor's Offices compiled by Willdan Financial Services.

Historical Assessed Values

The following table summarizes the historical and current assessed values of parcels with unpaid Assessments within the Assessment District over the past 5 Fiscal Years.

TABLE 6
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
HISTORIC ASSESSED VALUE

<i>Fiscal Year</i>	<i>Aggregate Assessed Value</i>	<i>Increase/(Decrease) in Property Assessed Value</i>
2016-17	\$212,403,927	N/A
2017-18	227,807,019	7.25%
2018-19	247,536,771	8.66
2019-20	281,621,059	13.77
2020-21	294,828,504	4.69

Sources: Orange County Assessor's office as compiled by Willdan Financial Services.

Direct and Overlapping Indebtedness

The ability of an owner of land within the Assessment District to pay the Assessment Installments could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment of overlapping debt in the Assessment District are set forth in Table 7 (the “Debt Report”). The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The Debt Report includes the unpaid Assessments. The Debt Report has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. as of May 1, 2021. The Debt Report includes information for all parcels with unpaid Assessments. Neither the City nor the Underwriter has independently verified the information in the Debt Report and neither guarantees its completeness or accuracy.

**TABLE 7
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
DIRECT AND OVERLAPPING ASSESSMENT INDEBTEDNESS**

2020-21 Local Secured Assessed Valuation: \$294,828,504

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/21</u>
Metropolitan Water District General Obligation Bonds	0.009%	\$ 2,424
Coast Community College District General Obligation Bonds	0.189	1,674,664
Newport Mesa Unified School District General Obligation Bonds	0.374	899,835
City of Newport Beach Assessment District No. 113	100.000	<u>4,589,189</u>⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 7,166,112⁽²⁾

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$4,589,189)	1.56%
Total Direct and Overlapping Tax and Assessment Debt	2.43%

⁽¹⁾ Amount of unpaid Assessments.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Also excludes overlapping General Fund debt.

Source: California Municipal Statistics, Inc.

Delinquency History

Historically, the parcels within the Assessment District have had a low property tax delinquency rate. Table 8 below summarizes the five year delinquency history of the parcels within the Assessment District as of April 8, 2021 based on the annual property tax levy.

**TABLE 8
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 113
PROPERTY TAX DELINQUENCY HISTORY**

<i>Fiscal Year</i>	<i>Number of Parcels</i>	<i>Parcels Delinquent as of April 8, 2021</i>	<i>% of Parcels Delinquent</i>
2016-17	163	0	0.00%
2017-18	163	0	0.00
2018-19	163	0	0.00
2019-20	163	1	0.61
2020-21	163	1	0.61

Sources: Orange County Tax Collector as compiled by Willdan Financial Services.

BONDOWNERS' RISKS

General

In order to pay debt service on the Bonds, it is necessary that unpaid Assessment Installments on parcels within the District are paid in a timely manner. The Reserve Fund will be used to pay debt service on the Bonds if delinquent Assessment Installments should occur. The Assessments are a lien on the parcels of land and the City has covenanted to institute foreclosure proceedings under certain circumstances against parcels with delinquent Assessment Installments.

Failure by owners of the parcels to pay Assessment Installments when due, depletion of the Reserve Fund or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Assessment Installments for such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds, and Bondowners would therefore be adversely affected.

The 1915 Act provides that except under certain circumstances property is to be sold upon foreclosure at a Minimum Price. "Minimum Price" as defined in the 1915 Act is the amount equal to the delinquent installments of principal or interest of the assessment or assessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the 1915 Act. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than the Minimum Price will not result in an ultimate loss to the Bondowners or, under certain circumstances, if owners of 75% or more of the outstanding Bonds consent to such sale. There can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Fund and a delay in payments of debt service on the Bonds. See "SECURITY FOR THE BONDS—Covenant to Foreclose and Court Foreclosure Proceedings."

Unpaid Assessment Installments do not constitute a personal indebtedness of the owners of the parcels within the Assessment District. There is no assurance the owners will be able to pay the Assessment Installments or that they will pay such installments even though financially able to do so.

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Assessment District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

No assurance can be given that the individual homeowners will pay Assessments in the future or that they will be able to pay such Assessments on a timely basis. See "—Bankruptcy and Foreclosure" below, for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and related interest are not payable from the general funds of the City. Except with respect to the Assessments, the credit and the taxing power of the City is not pledged for the payment of principal or interest of the Bonds, and, except as provided in the Fiscal Agent Agreement, no Owner of the Bonds may compel the exercise of any taxing power by the City or force the forfeiture of any City property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge,

lien or encumbrance upon any of the City's property or upon any of the City's income, receipts or revenues, except the Assessments and other amounts pledged under the Fiscal Agent Agreement.

COVID-19 (Coronavirus) Pandemic

The spread of the novel strain of coronavirus called COVID-19 is having significant negative impacts throughout the world, including in the State and County. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the County, State and the United States. The purposes behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. There have been confirmed cases of COVID-19 in the County and related deaths, and confirmed cases of COVID-19 and deaths are growing throughout the State. Health officials are expecting the number of confirmed cases and deaths to continue to grow.

In response to the outbreak of COVID-19, in March 2020, the California State Public Health Officer and Director of the California Department of Public Health ordered all individuals living in the State to stay home or at their place of residence ("Stay Home Order"), except as needed to maintain continuity of operation of the critical infrastructure sectors, critical government services, schools, and construction, including housing construction. The Stay Home Order has been revised over time, allowing for certain non-essential businesses to reopen. The impact of COVID-19 and the Stay Home Order is likely to continue to evolve over time. The ultimate effects of the COVID-19 outbreak could have a material adverse effect on the ability of property owners to pay the Assessment Installments when due.

In response to the COVID-19 pandemic, the City closed certain City offices and functions and may take additional actions in response to the coronavirus concerns, which may or may not have a direct impact on the Assessment District and the parcels located therein. Furthermore, other public agencies serving the property within the Assessment District may take similar actions.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate adverse impact of COVID-19 on the City's operations and finances, the ability of property owners within the Assessment District to pay the Assessment Installments when due, and the real estate market in general is unknown.

Delinquency Resulting in Ultimate or Temporary Loss on Bonds

If a temporary deficiency occurs in the Redemption Fund with which to pay the principal of or interest on Bonds that have then matured, or the principal and interest on Bonds coming due during the current year, unless it appears to the Treasurer that there will be an ultimate loss to the Bondowners, the Treasurer shall cause the Fiscal Agent to pay the principal of Bonds which have matured as presented and make interest payments on the Bonds when due, as long as there are available funds in the Redemption Fund, in the order of priority and as required by the Fiscal Agent Agreement. If it appears to the Treasurer that there is a danger of an ultimate loss accruing to the Bondowners for any reason, the Treasurer is required pursuant to the 1915 Act to withhold payment on all matured Bonds and interest on all Bonds and report the facts to the City so that the City may take proper action to equitably protect all Bondowners. See APPENDIX C—"SUMMARY OF FISCAL AGENT AGREEMENT."

Non-Cash Payments of Assessments

The 1915 Act may permit the owner of a parcel that is subject to an unpaid Assessment Installment to tender any Bond secured by such Assessment in payment or partial payment of any installment of the Assessment or interest or penalties thereon which may be due or payable. A Bond so tendered is to be accepted at the par amount thereof and credit is to be given for any interest thereon accrued to the date of the

tender. Thus, if Bonds can be purchased at a discount, it may be to the advantage of a property owner to pay amounts due with respect to an assessment by tendering a Bond. Such a practice would decrease the cash flow available to the City to make payments with respect to other Bonds then outstanding and could result in a default in payment on the Bonds.

Potential Early Redemption of Bonds from Prepayments or Other Sources

Property owners within the Assessment District are permitted to prepay their Assessments at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in an extraordinary redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting extraordinary redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE BONDS—Redemption of Bonds—Mandatory Redemption From Assessment Prepayments.”

Limited City Obligation Upon Delinquency

Pursuant to the 1915 Act, the City has elected not to be obligated to advance funds from the treasury of the City for delinquent Assessment Installments. The only obligation of the City with respect to such delinquencies and the consequent deficiencies in the Redemption Fund is to advance money to the Redemption Fund from the Reserve Fund. The City has no obligation to replenish the Reserve Fund except to the extent that delinquent Assessment Installments are paid or proceeds from foreclosure sales are realized. There is no assurance that the balance in the Reserve Fund will always be adequate to pay all delinquent Assessment Installments and if during the period of delinquency there are insufficient funds in the Reserve Fund, a delay may occur in payments to the Bondowners.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Assessments even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Assessments authorization at the time the owner purchased the parcel, was informed of the amount of the Assessments on the parcel and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Assessment lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Assessments obligation in the purchase of a property within the Assessment District or lending of money thereon.

Payment of the Assessments is not a Personal Obligation of the Owners

An owner of a parcel subject to an Assessment is not personally obligated to pay such Assessment. Rather, the Assessment is an obligation which is secured only by a lien against the parcel. If the value of a parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Assessment, the City has no recourse against the owner.

Property Values

The value of the property within the Assessment District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Assessment Installments, the Assessment District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the delinquent Assessment Installments. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, sea level rise, fires, wildfires or floods, stricter land use regulations, delays in development or other events will adversely impact the security

underlying the assessments. See “THE ASSESSMENT DISTRICT—Value-to-Assessment Lien ratios” herein.

The development and marketing of land within the Assessment District may be particularly dependent on factors which are unique to Southern California. Between 2007 and 2012, the real estate market in Southern California experienced a significant downturn with taxable values dropping significantly and many homeowners and developers experiencing foreclosure, bankruptcy and other financial strains. In 2013 the real estate market in Southern California began to stabilize and the taxable value of real property in Southern California has been increasing ever since. The City can make no assurance with respect to whether taxable values of real property will decline in the future.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per Fiscal Year. No assurance can be given that a parcel could actually be sold for its assessed value. Additionally, market values within the Assessment District could be impacted by a failure to complete the Improvements in a timely manner.

No assurance can be given that any bid will be received for a parcel with delinquent Assessment Installments offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Assessment Installments. See “SECURITY FOR THE BONDS—Covenant to Foreclose and Court Foreclosure Proceedings.”

Bankruptcy and Foreclosure

The payment of Assessments and the ability of the City to foreclose the lien of delinquent unpaid Assessment Installments, as discussed in the section entitled “SECURITY FOR THE BONDS—Covenant to Foreclose and Court Foreclosure Proceedings” herein, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the law of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in delinquent Assessment Installments not being paid in full. Where property is encumbered by liens securing mortgage loans, it is highly probable that bankruptcy of a property owner would delay foreclosure for an extended period of time. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

FDIC/Federal Government Interests in Parcels

The ability of the City to collect interest and penalties specified by the 1915 Act and to foreclose the lien of delinquent Assessment Installments may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the “FDIC”) has or obtains an interest. Specifically, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Assessment Installment is not paid, the remedies available to the City may be constrained. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC

acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

If a parcel with unpaid Assessments within the Assessment District is owned by a federal governmental entity, or a private deed of trust secured by a parcel with unpaid Assessments within the Assessment District is owned by a federal governmental entity, the ability to foreclose on the parcel to collect delinquent Assessments may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel with unpaid Assessments within the Assessment District but does not pay taxes and assessments levied on the parcel (including Assessments), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Assessments, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Assessments and preserve the federal government's mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels with unpaid Assessments within the Assessment District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

The City's remedies may also be limited in the case of delinquent Assessment Installments with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a portion of the parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Fiscal Agent Agreement or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. See "—Limitations on Remedies" below.

Limitation on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds.

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

Natural Disasters

The Assessment District, like many California communities, may be subject to unpredictable seismic activity, fires, wildfires, flood, tsunami or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads and property within the Assessment District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the Assessment District is not located in an Alquist Priolo Earthquake Study Zone though it is located in close proximity to the Newport-Inglewood fault.

On August 15, 2016, the Federal Emergency Management Agency ("FEMA") released proposed modified flood elevation determinations (the "Proposed Determinations") affecting the Flood Insurance Rate Map (the "FIR Map") and Flood Insurance Study report for Orange County and Incorporated Areas. Under the Proposed Determinations, many parcels of property located within the City were found to be in designated areas most prone to flooding or affected by waves from the coastline, and required to purchase flood insurance. After appeals from the City and several of the affected parcel owners, FEMA issued a letter of final determination on September 21, 2018 that revised the Proposed Determinations and reduced the number of affected parcels. The revised FIR Map became effective on March 21, 2019. Under the final FIR Map, all or some portion of every parcel in the Assessment District, and the roadways located within the Assessment District, were determined to be at higher risks of flooding. No assurance can be provided regarding the likelihood of flooding within the Assessment District in the future or the decision of the owners of any affected parcels to purchase or not purchase any required flood insurance.

In the event of a severe earthquake, fire, wildfire, flood, tsunami or other natural disaster, there may be significant damage to both property and infrastructure in the Assessment District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Assessment Installments when due. In addition, the value of land in the Assessment District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Assessment Installments.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. The value of a parcel may be reduced as a result of a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act", is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Assessment District be affected by a hazardous

substance, is to reduce the marketability and value by the costs of remedying the condition because the prospective purchaser of such a parcel will, upon becoming the owner of such parcel, become obligated to remedy the condition just as the seller of such a parcel is.

Limited Secondary Market

There can be no guarantee 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. Although the City has committed to provide certain statutorily-required financial and operating information along with notice of certain enumerated events, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information or enumerated event notices does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption “CONCLUDING INFORMATION—Tax Matters,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under one of the other provisions contained in the Fiscal Agent Agreement.

IRS Audit of Tax-Exempt Bond Issues

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

Future Debt Issuance

The ability of an owner of land within the Assessment District to pay the Assessment Installments could be affected by the existence of other taxes and assessments imposed upon parcels in the Assessment District with unpaid Assessments. In addition, the City and other public agencies whose boundaries overlap those of the Assessment District could impose additional taxes or assessment liens on the property within the Assessment District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the Assessment District through the levy of such additional taxes may be on a parity with the lien of the assessments levied by the City. See “THE ASSESSMENT DISTRICT—Direct and Overlapping Indebtedness” herein.

The imposition of additional liens on a parity with the Assessment Installments may reduce the ability or willingness of the landowners to pay the Assessment Installments and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Assessment Installments.

The City does not have control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Assessment District. In addition, the landowners within the Assessment District may, without the consent or knowledge of the City, petition other public agencies to issue public

indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments could reduce the estimated value-to-lien ratios for property within the Assessment District described herein.

Ballot Initiatives

From time to time constitutional initiatives or other initiative measures may be adopted by California voters, and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provision for particular activities. The adoption of any such initiative or legislation might place limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations, or on the ability of the landowners to complete their development of property.

Constitutional Amendment – Articles XIIC and XIID

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC (“Article XIIC”) and Article XIID (“Article XIID”) to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIID requires that, beginning July 1, 1997, the proceedings for the levy of any assessment by the City under the Act (including, if applicable, any increase in such assessment or any supplemental assessment under the Act) must be conducted in conformity with the provisions of Section 4 of Article XIID. The City completed its proceedings for the levy of assessments in the Assessment District on January 12, 2016 after complying with the procedural requirements of Section 4 of Article XIID. Under Section 10400 of the Act, any challenge to the proceedings or the Assessment must be brought within 30 days after the date the assessment was levied.

Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIC does not define the term “assessment”, and it is unclear whether this term is intended to include assessments levied under the Act. In the case of the unpaid Assessments which are pledged as security for payment of the Bonds, the 1915 Act provides a mandatory, statutory duty of the City and the County Auditor to post Assessment Installments on account of the unpaid Assessments to the property tax roll of the County each year while any of the Bonds are outstanding, commencing with property tax year 2021-22, in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year plus certain administrative costs. It is unlikely that the initiative power can be used to reduce or repeal the unpaid Assessments which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Assessments which are pledged as security for payment of the Bonds.

The interpretation and application of the Initiative has been and will continue to be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of any future determination.

Cybersecurity

The City, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including

without limitation the County tax collector for the levy and collection of the Assessments and the Fiscal Agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

CONCLUDING INFORMATION

Continuing Disclosure

The City has agreed to execute a Continuing Disclosure Agreement (the “Disclosure Agreement”) in connection with the delivery of the Bonds for the benefit of the Underwriter, holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by the April 1 following the end of the City’s fiscal year (the “Annual Report”) commencing April 1, 2022 and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports will be filed on behalf of the City by Digital Assurance Certification, LLC (the “Dissemination Agent”) with the Municipal Securities Rulemaking Board (the “Repository”). Notices of Listed Events will be filed by the Dissemination Agent with the Repository. The specific nature of the information to be included in the Annual Report and the notices of Listed Events is set forth in APPENDIX F—“FORM OF CITY CONTINUING DISCLOSURE AGREEMENT.” The City has agreed to execute the Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended (the “Rule”).

It should be noted that the City is required to file certain financial statements with the Annual Report. This requirement has been included in the Disclosure Agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City other than the Assessments and amounts pledged under the Fiscal Agent Agreement. See “BONDOWNERS’ RISKS—Limited City Obligation Upon Delinquency.” It should also be noted that the list of Listed Events which the City has agreed to report includes items related to credit enhancements and ratings. These items have been included in the list solely to satisfy the requirements of the Rule. The Bonds have not been assigned a credit rating and have no credit enhancement.

Within the past five years, the City has not failed to comply in all material respects with any previous undertaking with regard to the Rule to provide annual reports or notices of Listed Events. [CONFIRM] The full text of the Disclosure Agreement is set forth in Appendix F.

Legal Opinion

Certain proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel (“Bond Counsel”). The opinion of Bond Counsel attesting to the validity of the Bonds will be delivered with each Bond. A form of the opinion to be delivered by Bond Counsel is set forth in Appendix D hereto.

Certain legal matters will be passed upon for the City by the City Attorney and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City and others making such representations comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of other similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Fiscal Agent Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the City continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Fiscal Agent Agreement.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Litigation

There is no action, suit, or proceeding known by the City to be pending at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the execution or delivery thereof. A no litigation certificate executed by the City will be required to be delivered to the Underwriter with respect to these matters simultaneously with the delivery of the Bonds.

Financial Interests

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

No Rating

The City has not applied to and does not contemplate applying to any bond rating agency for the assignment of a rating on the Bonds.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (\$_____ principal amount, [plus/less] [net] original issue [premium/discount] in the amount of \$_____ and less an Underwriter's discount of \$_____). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Miscellaneous

All quotations from, and summaries and explanations of, the Fiscal Agent Agreement, the Continuing Disclosure Agreement and other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the City. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the City or the Bonds.

The execution and delivery of this Official Statement have been authorized by the City.

CITY OF NEWPORT BEACH

By: _____
City Manager

APPENDIX A
ASSESSMENT DIAGRAM

APPENDIX B
ENGINEER'S REPORT

APPENDIX C
SUMMARY OF THE FISCAL AGENT AGREEMENT

APPENDIX D

OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2021

City Council
City of Newport Beach
Newport Beach, California

Re: \$ _____ *City of Newport Beach Assessment District No. 113 Limited Obligation Improvement Bonds, 2021 Series A*

Ladies and Gentlemen:

We have examined certified copies of proceedings taken by the City of Newport Beach (the “City”) for the issuance of bonds designated “City of Newport Beach Assessment District No. 113 Limited Obligation Improvement Bonds, 2021 Series A” (the “Bonds”) pursuant to the Municipal Improvement Act of 1913, Division 12 of the Streets and Highways Code of the State of California (the “1913 Act”) and under and by virtue of the Improvement Bond Act of 1915, Division 10 of said Code (the “1915 Act”). The Bonds are issued for the purpose of providing the means for paying for the work and improvements described in the City’s Resolution No. 2018-68 and are issued pursuant to a resolution adopted by the City on _____, 2021 (the “Resolution of Issuance”) and a fiscal agent agreement (the “Fiscal Agent Agreement”) dated as of _____ 1, 2021, by and between the City and U.S. Bank National Association as fiscal agent. This examination covers said proceedings down to and including the issuance of the Bonds; however, we have made no examination of the ownership or use of the property assessed. In rendering this opinion, we have relied upon certain representations of fact and certifications made by or on behalf of the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Fiscal Agent Agreement. The Bonds bear interest payable semiannually on each March 2 and September 2, commencing on September 2, 2021, at the rates per annum set forth in the Fiscal Agent Agreement.

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

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

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

3. Upon delivery and authentication of the Bonds in accordance with the Fiscal Agent Agreement, the Bonds will be entitled to the benefits of the Fiscal Agent Agreement.

4. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

5. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

6. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues for the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

7. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (1), (2) and (3) above are limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Trust Agreement.

Except as expressly set forth in paragraphs (4), (5), (6), and (7) above, we express no opinion regarding any tax consequences with respect to the Bonds.

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

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

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the City which the City believes to be reliable, but the City and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Newport Beach (the “Issuer”) and Digital Assurance Certification, LLC, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of City of Newport Beach Assessment District No. 113 Limited Obligation Improvement Bonds 2021 Series A in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the City Council of the Issuer on _____, 2021 and a Fiscal Agent Agreement dated as of _____ 1, 2021 (the “Fiscal Agent Agreement”) by and between the Issuer and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). The Issuer and Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5), as amended.

Section 2. Definitions. In addition to the definitions set forth in the Resolution of Issuance 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Dissemination Agent” shall mean Digital Assurance Certification, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

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

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated.

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

“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 Issuer shall, or shall cause the Dissemination Agent to, by April 1 of each year, commencing April 1, 2022, provide to the Repository, in an electronic format as prescribed by the Municipal Securities Rulemaking Board, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). 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 Issuer 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 the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the Repository or the Dissemination Agent an Annual Report by the date required in subsection (a), the Issuer shall in a timely manner send a notice to the Municipal Securities Rulemaking Board, in an electronic format as prescribed by the Municipal Securities Rulemaking Board, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the Municipal Securities Rulemaking Board for the Annual Report; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

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

(a) Audited Financial Statements of the Issuer 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, together with the following statement: THE ISSUER'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE ISSUER ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND THE ISSUER IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE ISSUER IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following information regarding the Bonds:

(i) Principal amount of Bonds outstanding as of the preceding September 1;
(ii) Balance in the Prepayment Account of Redemption Fund as of the preceding September 1;

(ii) Balance in the Redemption Fund as of the preceding September 1;
(iv) Balance in the Reserve Fund and a statement of the Reserve Requirement as of the preceding September 1;

(v) Information regarding the annual aggregate special assessment installments, amount collected, delinquent amount and percent delinquent for the most recent fiscal year and the amount and percent remaining delinquent for any prior fiscal year; and

(vi) Status of foreclosure proceedings and summary of results of foreclosure sales as of the preceding September 1, if available.

(c) An update of the value-to-lien information set forth in Table 3 for the most recently completed fiscal year but only based on the Assessment Lien column and excluding the Overlapping Debt column.

(d) A statement regarding the number of parcels that prepaid Assessments, and the amounts so prepaid, since the filing of the last Annual Report.

(e) In addition to any of the information expressly required to be provided under paragraphs (a) through (d) of this Section, the Issuer shall provide such further information, if any, as may be

necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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 Issuer or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer 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 Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

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

2. 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;
3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. notices of redemption;
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with MSRB in a timely manner not more than 10 business days after the event.

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

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer 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 nationally recognized 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 Fiscal Agent Agreement, or (ii) does not, in the opinion of a nationally recognized 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.

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 Issuer 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 Repository in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer 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 Issuer 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 Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement 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 Issuer 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 Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer 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 duties as are specifically set forth in this Disclosure Agreement, and the Issuer 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 obligations of the Issuer under this Section shall survive resignation or removal of the

Dissemination Agent and payment of the Bonds. The Dissemination Agent has no power to enforce performance on the part of the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, 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 13. Notices. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) overnight delivery by recognized overnight courier, or (c) United States mail, postage prepaid, registered or certified mail, or (d) facsimile, addressed as follows:

If to the Issuer:

City of Newport Beach
100 Civic Center Drive
Newport Beach, California 92660

If to the Dissemination Agent:

Digital Assurance Certification, LLC
315 E. Robinson Street, Suite 300
Orlando, Florida 32801

or to such other address or to the attention of such other person as hereinafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been delivered either at the time of personal delivery actually received by the addressee or a representative of the addressee at the address provided above or, if delivered on a business day in the case of delivery service or certified or registered mail, as of the earlier of the date delivered or the date 72 hours following the date deposited in the United States mail at the address provided herein, or if by telecopier, upon electronic confirmation of good receipt by the receiving telecopier.

Section 14. Future Determination of Obligated Persons. In the event that the Securities Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within the City to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the Issuer to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Agreement shall be deemed to obligate the Issuer to disclose information concerning any owner of land within the City except as required as part of the information required to be disclosed by the Issuer pursuant to Section 4 and Section 5 hereof.

Dated: _____, 2021

CITY OF NEWPORT BEACH

By: _____
City Manager

DIGITAL ASSURANCE CERTIFICATION, LLC
as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

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

Name of Issuer: City of Newport Beach

Name of Bond Issue: \$_____ CITY OF NEWPORT BEACH ASSESSMENT DISTRICT
NO. 113 LIMITED OBLIGATION IMPROVEMENT BONDS, 2021 SERIES A

Date of Issuance: _____, 2021

NOTICE IS HERBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement dated as of _____ 1, 2021, by and between the Issuer and U.S. Bank National Association, as Fiscal Agent. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____,
as Dissemination Agent on behalf of Issuer