

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.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S&P: “___” (insured)
“___” (underlying)
See “RATINGS” herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming certain representations and compliance with certain covenants and requirements described in this Official Statement, interest on the Series BG Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series BG Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

\$ _____*

POMONA PUBLIC FINANCING AUTHORITY
2017 LEASE REVENUE REFUNDING BONDS, SERIES BG
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: July 1, as shown on inside cover

The Pomona Public Financing Authority 2017 Lease Revenue Refunding Bonds, Series BG (Federally Taxable) (the “Series BG Bonds”) are payable from base rental payments (the “Base Rental Payments”) to be made by the City of Pomona (the “City”) for the right to use certain real property consisting of the City’s City Hall, Corporate Yard, and certain parks, as further described herein (the “Property”), pursuant to a Lease Agreement, dated as of _____ 1, 2017 (the “Lease Agreement”), by and between the City, as lessee, and the Pomona Public Financing Authority (the “Authority”), as lessor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS.” The Series BG Bonds are being issued to provide funds to (i) refund and defease the Authority’s 2006 Lease Revenue Bonds, Series AU and Series AV (the “Series AU/AV Bonds”) and a portion of the City’s Pension Obligation Refunding Bonds (Federally Taxable) Series 2006 AR (the “Series AR Bonds” and, together with the Series AU/AV Bonds, as refunded, the “Refunded Bonds”), (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Series BG Bonds, (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund and (iv) pay the costs incurred in connection with the issuance of the Series BG Bonds. The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatements.”

The Series BG Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Interest on the Series BG Bonds is payable semiannually on January 1 and July 1 of each year, commencing [January 1, 2018]. Purchasers will not receive certificates representing their interest in the Series BG Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series BG Bonds will be paid by Zions Bank, a division of ZB, N.A., as trustee (the “Trustee”) to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the Beneficial Owners of the Series BG Bonds. See “THE SERIES BG BONDS—Book-Entry Only System” herein.

The Series BG Bonds will be issued pursuant to an Indenture, dated as of _____ 1, 2017 (the “Indenture”) by and among the City, the Authority and the Trustee. The Series BG Bonds and any additional bonds issued pursuant to the Indenture (“Additional Bonds”) are collectively referred to as the “Bonds.”

The Series BG Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity, as described herein.* See “THE SERIES BG BONDS—Redemption” herein.

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

[INSURER LOGO]

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

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series BG Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is also acting as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Pomona, for the Underwriter by Fox Rothschild LLP, Los Angeles, California, and for the Trustee by its counsel. It is anticipated that the Series BG Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2017.

[ZIEGLER LOGO]

Dated: _____, 2017

* Preliminary, subject to change.

\$ _____ *

**POMONA PUBLIC FINANCING AUTHORITY
2017 LEASE REVENUE REFUNDING BONDS, SERIES BG
(FEDERALLY TAXABLE)**

MATURITY SCHEDULE

BASE CUSIP[†]: _____

<i>Maturity Date (July 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†]</i>
	\$	%	%	

\$ _____ % Term Bond due July 1, 20 __, Yield _____ %, Price _____ %

* Preliminary, subject to change.

[†] Copyright 2017, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers are included solely for the convenience of the registered owners of the applicable Bonds. The City, Authority and the Underwriter take no responsibility for the accuracy of such data.

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

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Series BG Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series BG Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES BG BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES BG BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES BG BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES BG BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series BG Bonds.

**CITY OF POMONA
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

MAYOR AND MEMBERS OF THE CITY COUNCIL

Tim Sandoval, Mayor
Rubio R. Gonzalez, Member
Adriana Robledo, Member
Cristina Carrizosa, Member
Elizabeth Ontiveros-Cole, Member
Ginna E. Escobar, Member
Robert S. Torres, Member

BOARD OF DIRECTORS OF THE POMONA PUBLIC FINANCING AUTHORITY

Linda Lowry, Chairperson/City Manager
Onyx Jones, Vice Chairperson/Finance Director/City Treasurer
Kirk Pelser, Board Member/Deputy City Manager
Arnold M. Alvarez-Glasman, Board Member/Authority Counsel/City Attorney
Linda Poliakon, Board Member/Accounting Manager

AUTHORITY/CITY STAFF

Linda Lowry, City Manager
Onyx Jones, Finance Director
Arnold M. Alvarez-Glasman, Esq., City Attorney

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

Urban Futures, Inc.
Orange, California

Trustee

Ziona Bank, a division of ZB, N.A.
Los Angeles, California

Escrow Bank

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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OFFICIAL STATEMENT

\$ _____ *

POMONA PUBLIC FINANCING AUTHORITY 2017 LEASE REVENUE REFUNDING BONDS, SERIES BG (FEDERALLY TAXABLE)

INTRODUCTION

This Official Statement (which includes the cover page and the appendices hereto) (the “Official Statement”), provides certain information concerning the sale and delivery of \$ _____ aggregate principal amount of Pomona Public Financing Authority 2017 Lease Revenue Refunding Bonds, Series BG (Federally Taxable) (the “Series BG Bonds”).

The net proceeds of the sale of the Series BG Bonds will be used to (i) refund and defease the Authority’s 2006 Lease Revenue Bonds, Series AU and Series AV (the “Series AU/AV Bonds”) and a portion of the City’s Pension Obligation Refunding Bonds (Federally Taxable) Series 2006 AR (the “Series AR Bonds”), (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Series BG Bonds, (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund and (iv) pay the costs incurred in connection with the issuance of the Series BG Bonds.

The Series BG Bonds are equally and ratably payable from base rental payments (the “Base Rental Payments”) to be made by the City of Pomona (the “City”) for the right to use certain real property consisting of the [City’s City Hall, Corporate Yard, and certain parks], as further described herein (collectively, the “Property”), pursuant to a Lease Agreement, dated as of _____ 1, 2017 (the “Lease Agreement”), between the City, as lessee, and the Pomona Public Financing Authority (the “Authority”), as lessor. See “THE PROPERTY” herein.

The Series BG Bonds will be issued pursuant to an Indenture, dated as of _____ 1, 2017 (the “Indenture”), by and among the Authority, the City and Zions Bank, a division of ZB, N.A., as trustee (the “Trustee”). Pursuant to the Indenture, the Authority may issue additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series BG Bonds (the Series BG Bonds and any such Additional Bonds being collectively referred to as the “Bonds”).

Pursuant to a Ground Lease, dated as of _____ 1, 2017 (the “Ground Lease”), by and between the City and the Authority, the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of _____ 1, 2017, pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The City will covenant under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement), due under

* Preliminary, subject to change.

the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupy the Property or any portion thereof. See "RISK FACTORS—Abatements" herein. Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Bonds. To the extent that proceeds of insurance are available, Base Rental Payments (or a portion thereof) may be made during periods of abatement. See "RISK FACTORS—Abatements" herein and Appendix B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" attached hereto.

THE SERIES BG BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES BG BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein for a description of the specific nature of the annual report and notices of listed events and a summary description of the terms of the disclosure agreement pursuant to which such reports are to be made.

The Series BG Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series BG Bonds is payable semiannually on January 1 and July 1 of each year, commencing [January 1, 2018]. Purchasers will not receive certificates representing their interest in the Series BG Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest on the Series BG Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants which are obligated to remit such payments to the Beneficial Owners of the Series BG Bonds. See "THE SERIES BG BONDS—Book-Entry Only System" herein. The Series BG Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES BG BONDS—Redemption" herein.

Zions Bank, a division of ZB, N.A., Costa Mesa, California, will act as Trustee with respect to the Series BG Bonds. The Series BG Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and certain other conditions. The Underwriter is being represented by its counsel, Fox Rothschild LLP, Los Angeles, California. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel to the City, and for the Trustee by its counsel. The City's financial statements for the fiscal year ended June 30, 2016 included as Appendix C hereto have been audited by Lance, Soll & Lunghard, LLP, certified public accountants, Brea, California (the "Auditor"). See Appendix C—"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL

YEAR ENDED JUNE 30, 2016” attached hereto. The City’s financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See “RISK FACTORS” herein for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series BG Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for the budget discussion and projected results for Fiscal Year 2016-17 and budget discussion for Fiscal Year 2017-18, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series BG Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in Appendix B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS” attached hereto.

THE SERIES BG BONDS

General

The Series BG Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series BG Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series BG Bonds will be paid semiannually on January 1 and July 1 (each, an “Interest Payment Date”) of each year, commencing [January 1, 2018].

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

The principal and premium, if any, of the Series BG Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series BG Bonds will be subject to optional, mandatory sinking fund and extraordinary redemption as set forth herein.*

Registration, Transfers and Exchanges

The Series BG Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series BG Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series BG Bonds. See “THE SERIES BG BONDS—Book-Entry Only System” herein.

Redemption*

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

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The Series BG Bonds are subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series BG Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series BG Bonds maturing July 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each July 1 on and after July 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Sinking Fund Redemption Date (July 1)</i>	<i>Principal Amount To Be Redeemed</i>
--	--

(maturity)

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, approved in writing by the Insurer (so long as the Insurer is not in default on any obligation under the Policy), and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. At least 20 but not more than 60 days prior to the date fixed for redemption, the Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any

* Preliminary, subject to change.

redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, provided, however, so long as the Bonds are registered in the name of the Nominee, notice shall be given in such manner as complies with the requirements of DTC. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Bonds so called for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

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

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

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

Book-Entry Only System

General. DTC will act as securities depository for the Series BG Bonds. The Series BG Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series BG Bond will be issued for each maturity of the Series BG Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix F —“BOOK-ENTRY ONLY SYSTEM” attached hereto.

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series BG Bonds apply only during any period in which the Series BG Bonds are not subject to DTC's book-entry system. While the Series BG Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions of the Indenture by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will

deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS

Pledge of Revenues

The Series BG Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in the funds and accounts established under the Indenture. Base Rental Payments will be paid by the City from any and all legally available funds. See “THE CITY,” “FINANCIAL INFORMATION” and “RISK FACTORS” herein. The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Series BG Bond Owners all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority will retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “—Base Rental Payments” below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series BG Bonds. See Appendix B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Additional Bonds” attached hereto.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

THE SERIES BG BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES BG BONDS. THE AUTHORITY HAS NO TAXING POWER.

Base Rental Payments

Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the 15th day of the month next preceding each Interest Payment Date (the “Base Rental Deposit Date”) on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each Principal Payment Date, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund, respectively, to provide for the payment of the interest on and principal of the Series BG Bonds, respectively.

Scheduled Base Rental Payments relating to the Series BG Bonds are set forth below under the heading “BASE RENTAL PAYMENT SCHEDULE” herein.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental Payments thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

- (i) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;
- (ii) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;
- (iii) insurance premiums for all insurance required pursuant to the Lease Agreement;
- (iv) all amounts payable to the Insurer pursuant to the Indenture not payable from Base Rental Payments; and
- (v) all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such

amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority will calculate any such abatement and provide the Trustee with a certificate setting forth such calculation and the basis therefor. Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended ten years beyond the stated termination date of the Lease Agreement. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Rental Abatement" attached hereto.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts. See "RISK FACTORS—Abatements" herein and Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS" attached hereto.

Additional Bonds

The Authority may at any time issue one or more Series of Additional Bonds payable from Base Rental Payments on a parity with all other Bonds issued under the Indenture, subject to the following conditions:

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

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

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

(C) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds will be payable as to

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

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

(E) The form of such Additional Bonds;

(F) The amount to be deposited in an account maintained in the Reserve Fund for the Additional Bonds so that following such deposit there will be on deposit in such account of the Reserve Fund an amount at least equal to the Reserve Requirement for the Additional Bonds; and

(G) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

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

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

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

Notwithstanding satisfaction of the conditions set forth above and in the Indenture, no such issuance of Additional Bonds may occur if (1) an event of default (within the meaning of the Lease Agreement) (or any event which, once all notice or grace periods have passed, would constitute such event of default) exists unless such event of default will be cured upon such execution or issuance or (2) the Reserve Fund is not fully funded at the Reserve Requirement for all Outstanding Series of Bonds.

Nothing contained in the Indenture limits the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued under the Indenture will be Outstanding. See Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Additional Bonds" attached hereto.

Substitution, Addition and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property, to add additional real property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and described below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release is subject to the following specific conditions precedent to such substitution or release:

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

(b) the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in an amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in the Lease Agreement;

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

(d) the City, the Authority and the Trustee execute, and the City causes to be recorded with the Los Angeles County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease; and

(e) the City provides notice of such substitution to each rating agency then rating the Bonds.

See Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Substitution or Release of the Property" attached hereto.

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental" herein.

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Series BG Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Default" and "—THE

INDENTURE—Events of Default,” “—Other Remedies of the Trustee,” and “Limitation on Suits” attached hereto.

Reserve Fund

The Indenture establishes a Reserve Fund and, within the Reserve Fund, the Series BG Bonds Account. The Trustee may establish additional accounts in the Reserve Fund in connection with the issuance of Additional Bonds, if any. With respect to the Series BG Bonds, the Reserve Fund is required to be maintained in an amount equal to \$_____ (the “Reserve Fund Requirement”). Moneys in the Series BG Bonds Account of the Reserve Fund will be held in trust as a reserve for the payment when due of all debt service payments on the Series BG Bonds. Pursuant to the Indenture, the Authority may determine that the Reserve Fund be funded with cash, a reserve fund surety or a combination thereof. See Appendix B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Reserve Fund” attached hereto.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of such improvements, excluding the cost of excavations, of grading and filling, and of the land, or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed. The City’s obligation to maintain the insurance described above (except for rental interruption insurance) may be satisfied by self-insurance, provided such self-insurance complies with the requirements of the Lease Agreement. See Appendix B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance” attached hereto.

The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City is not permitted to self-insure its obligation to maintain rental interruption insurance.

The City is also required to maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees, and workers’ compensation insurance as described in Appendix B —“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance” attached hereto.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series BG Bonds, insuring the fee interest of the City in the Property, the Authority’s leasehold estate in the Property under the Ground Lease, and the City’s subleasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Bond Owners.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series BG Bonds are shown below.

	<i>Series BG Bonds</i>
<i>Sources</i>	
Principal Amount of Series BG Bonds	\$
[Net] Original Issue [Premium/Discount]	
Additional Moneys ⁽¹⁾	
Total Sources	<u>\$</u>
<i>Uses</i>	
Escrow Fund	\$
Cost of Issuance Fund ⁽²⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Reflects moneys held in funds and accounts established in connection with the Refunded Bonds.

⁽²⁾ Includes legal, financial advisory, rating agency, Underwriter's Discount, printing fees and other miscellaneous costs of issuance.

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BASE RENTAL PAYMENT SCHEDULE

Following is the annual schedule of Base Rental Payments due with respect to the Series BG Bonds:

[illegible]

THE REFUNDING PLAN

General

Pursuant to the Indenture, the Authority will deliver a portion of the proceeds of the Series BG Bonds to the Trustee to transfer to The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the “Escrow Agent”), for deposit into separate escrow funds (the “Escrow Funds”) established under three separate Escrow Agreements with respect to the Series AU/AV Bonds maturing on and after June 1, 2017 (the “Refunded Series AU/AV Bonds”) and the Series AR Bonds issued as current interest bonds maturing on and after July 1, 2020 (the “Refunded Series AR Bonds” and, together with the Refunded Series AU/AV Bonds, the “Refunded Bonds”), each dated as of _____, 2017, by and among the City, the Authority (with respect to the Refunded Series AU/AV Bonds) and the Escrow Agent (the “Escrow Agreements”). Proceeds of the Series BG Bonds and other moneys held in the Escrow Funds to redeem the Refunded Bonds will be held [uninvested] and used to (i) redeem the Refunded Series AU/AV Bonds on June 1, 2017 at a redemption price equal to the principal amount of the Refunded Series AU/AV Bonds being redeemed, together with accrued interest to the redemption date, without premium; and (ii) redeem the Refunded Series AR Bonds on _____, 2017 at a redemption price equal to the principal amount of the Refunded Series AR Bonds being redeemed, together with accrued interest to the redemption date, without premium. Amounts in the Escrow Funds will be irrevocably pledged to secure, when due, the payment of the principal of and interest due with respect to the Refunded Bonds.

Verification

Upon issuance of the Series BG Bonds, Grant Thornton, LLP, as verification agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of amounts in the Escrow Funds to pay the redemption price of the Refunded Bonds when due.

THE PROPERTY

The Property consists of the following City-owned facilities:

[City Hall. The City's City Hall is located at 505 Garey Avenue, Pomona, California and consists of a two-story (plus basement) office building of approximately 69,000 square feet located on approximately 4.1 acres. The City Hall office houses the City's various administrative departments, including the Council Chambers. The City Hall facility was completed in 1968.

Corporate Yard. The City's Corporate Yard is located at 636 West Monterey Avenue, Pomona, California on a ____ acre site. Improvements at the Corporate Yard consist of a one-story office building of approximately 12,078 square feet built in 1975; a one-story office building of approximately 4,900 square feet built in 1950; a one-story paint and sign shop building of approximately 10,320 square feet built in 1975; a two-story warehouse of approximately 8,000 square feet built in 1930; a two-story utility building of approximately 8,428 square feet built in 1890; and various storage and utility facilities totaling approximately 28,670 square feet.

Parks. The Property includes the Ganesha Park Community Center, located at 1575 North White Avenue, Pomona, California and consisting of an approximately 3,300 square foot single story building built in 1950; the Westmont Park Community Center, located at 1808 West 9th Street, Pomona, California and consisting of an approximately 6,194 square foot single story building built in 1976; and the Palmares Park Community Center, located at 499 East Arrow Highway, Pomona, California and consisting of an approximately 20,763 square foot two-story building built in 1960.]

The City has the right to substitute or release all or portion of the Property subject to certain conditions precedent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS—Substitution and Removal of Property" herein.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Exercise of Powers Agreement, dated as of October 27, 1988 (the "JPA Agreement"), by and among the City, the former Redevelopment Agency of the City of Pomona and the former Redevelopment Agency of the City of West Covina (together, the "Former Redevelopment Agencies"). The Authority was formed by and among the City and the Former Redevelopment Agencies to assist in financing the acquisition, construction, installation and improvement of public facilities and other public capital improvements.

The Authority functions as a public entity, separate and apart from the City and the Former Redevelopment Agencies, and is administered by a five-member governing board consisting of the members of the City Council. The City Attorney serves as counsel to the Authority. The Authority has no employees and all staff work is performed by the City or consultants.

Powers

Under the JPA Agreement, the Authority is empowered to assist in financing the acquisition, construction, installation and improvement of public facilities and other public capital improvements through the issuance of bonds in accordance with the Act. To exercise its powers, the Authority is authorized, in its own name, to do all necessary acts, including but not limited to making and entering into contracts; employing agents and employees; and to sue or be sued in its own name.

THE CITY

Information with respect to the City, including financial information and certain economic and demographic information, is provided in Appendix C—“THE CITY” attached hereto. A copy of the financial statements of the City for the fiscal year ended June 30, 2016 is attached hereto as Appendix C which should be read in its entirety. See Appendix C—“AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2016” attached hereto.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series BG Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series BG Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series BG Bonds

The Series BG Bonds are special obligations of the Authority, payable solely from Rental Payments and the other assets pledged under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series BG Bonds. The Authority has no taxing power.

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

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City’s appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B of the California Constitution” herein.

Abatements

In the event of substantial interference with the City's right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS—Abatement" herein. In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Series BG Bonds, there could be insufficient funds to make payments to Series BG Bond Owners in full.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Series BG Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series BG Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Series BG Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series BG Bond Owners for nonpayment under such circumstances.

Seismic Activity

All jurisdictions in California are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. However, no major earthquake has caused substantial damage to the community.

An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

The City lies in a seismically active region of Southern California, with several major active faults in the area, including the San Andreas, Sierra Madre and Whittier-Elsinore fault zones. In addition to the regional faults, there are several local faults located within the City that are considered potentially active. These local faults include the San Jose, Indian Hill, Chino and Central Avenue faults. Of the local faults, the probability of earthquake activity is considered the highest along the San Jose Fault, with possible ground rupture. These local faults do not have a high probability of seismic activity and are not included in an Alquist Priolo Special Studies Zone. No fault rupture hazard is anticipated along the fault traces that pass through the City. However, an earthquake on any of these faults could be particularly damaging to residential buildings, especially to those of older wooden or unreinforced masonry construction, or to mobile homes.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make Base Rental Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. The City is not aware of any hazardous substances located on the Property.

Other Financial Matters

Future weakness in the economy of the State and the United States could result in the decline of the City's general revenues. Such financial matters may have a detrimental impact on the City's General Fund, and, accordingly, may reduce the City's ability to make Base Rental Payments. See "CITY FINANCIAL INFORMATION" herein.

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and summarized below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS—Substitution, Addition and Removal of Property" herein. Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels.

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series BG Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Substitution or Release of the Property" attached hereto.

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

No Limitation on Incurring Additional Obligations

Neither the Lease Agreement nor the Indenture contains any limitations on the ability of the City to enter into other obligations, without the consent of the Owners of the Outstanding Bonds, which may constitute additional obligations payable from its General Fund. To the extent that the City incurs such

additional obligations, the City's funds available to make Base Rental Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues. See Appendix A—"THE CITY—Indebtedness" and Appendix C—"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2015" attached hereto.

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable, nor do the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Series BG Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series BG Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS" herein and Appendix B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Default" attached hereto.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series BG Bonds when due. In addition, insurance policies against certain risks, such as earthquakes and floods, are not required under the Lease Agreement, and therefore [may not be/are not] carried by the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES BG BONDS—Insurance" herein.

Limitations on Remedies

The rights of the Owners of the Series BG Bonds are subject to the limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Series BG Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code

(Title 11, United States Code) (the “Bankruptcy Code”) and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the U.S. Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the Owners of the Series BG Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. Under Chapter 9 of the Bankruptcy Code, which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Series BG Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Lease Agreement, and from taking any steps to collect amounts due from the City under the Lease Agreement.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series BG Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget

The following information concerning the State’s budget for fiscal year 2016-17 and the Governor’s proposed budget for fiscal year 2017-18 has been obtained from publicly available information that the City believes to be reliable; however, the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the “DOF”), <http://www.dof.ca.gov>, under the heading “California Budget.” An impartial analysis of the budget is posted by the Legislative Analyst’s Office (the “LAO”) at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on counties in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City, the Authority or the Underwriter, and the City, the Authority and the Underwriter take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget

2016-17 State Budget. On June 27, 2016, the Governor signed into the law the State budget for fiscal year 2016-17 (the “2016-17 Budget”). The following information is drawn from the Department of Finance’s summary of the 2016-17 Budget and the LAO’s preliminary review of the 2016-17 Budget.

The 2016-17 Budget projects, for fiscal year 2015-16, total general fund revenues and transfers of \$117.0 billion and total expenditures of \$115.6 billion. The State is projected to end fiscal year 2015-16 with total available reserves of \$7.3 billion, including \$3.9 billion in the traditional general fund reserve and \$3.4 billion in the Budget Stabilization Account (the “BSA”), the State’s basic reserve account. For fiscal year

2016-17, the 2016-17 Budget projects a growth in State general fund revenues driven primarily by total general fund revenues of \$120.3 billion and authorizes expenditures of \$122.5 billion. The State is projected to end the fiscal year 2016-17 with total available reserves of \$8.5 billion, including \$1.8 billion in the traditional general fund reserve and \$6.7 billion in the BSA.

As a result of higher general fund revenue estimates for fiscal years 2015-16 and 2016-17, and after accounting for expenditures that are controlled by State Constitutional funding requirements such as Proposition 2 and Proposition 98, the 2016-17 Budget allocates over \$6 billion in discretionary funding for various purposes. These include: (i) additional deposits of \$2 billion to the BSA and \$600 million to the State's discretionary budget reserve fund; (ii) approximately \$2.9 billion in one-time funding for infrastructure, affordable housing, public safety and other purposes; and (iii) \$700 million in on-going funding commitments for higher education (the California State University and the University of California systems), corrections and rehabilitation and State courts.

As required by Proposition 2, the 2016-17 Budget applies \$1.3 billion towards the repayment of existing State liabilities, including loans from special funds, State and University of California pension and retiree health benefits and settle-up payments to K-14 school districts resulting from an underfunding of the Proposition 98 minimum funding guarantee in a prior fiscal year. With respect to education funding, the 2016-17 Budget sets the Proposition 98 minimum funding guarantee at \$71.9 billion, an increase of \$2.8 billion over the revised level from the prior fiscal year.

For additional information regarding the 2016-17 Budget, see the DOF website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. The information presented on such websites is not incorporated herein by reference.

Governor's Proposed 2017-18 Budget. On January 10, 2017, the Governor released his proposed State budget for fiscal year 2017-18 (the "Proposed Budget"). The following information is drawn from the Department of Finance's summary of the Proposed Budget and the LAO's overview of the Proposed Budget.

Following several years of increases, the Governor reports that the three main sources of State revenues—income, sales and corporation taxes—are showing weakness. Consequently, the Proposed Budget includes a revised revenue forecast for fiscal years 2015-16 and 2016-17 that is \$3.2 billion lower for than what was included in the current State budget. The Governor attributes the change in expectations to a pattern of shortfalls in monthly revenue collections and a growth in lower-income workers, which results in decreased revenues due to the State's progressive tax structure. The Governor also identifies some increases in State general fund spending relative to the 2016-17 Budget, most significant among those being an increase in Medi-Cal costs of approximately \$1.8 billion. As a result, absent corrective action, the Governor projects that the State would face a general fund deficit of approximately \$1.6 billion in fiscal year 2017-18, as well as comparable deficits in future years.

To close the projected deficit, the Proposed Budget includes \$3.2 billion in remedial budgetary measures designed to reduce State general fund spending in a variety of areas. Assuming the implementation of these measures, the Proposed Budget projects, for fiscal year 2016-17, total general fund revenues and transfers of \$118.8 billion and total expenditures of \$122.8 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of \$7.7 billion, including \$980 million in the traditional general fund reserve and \$6.7 billion in the BSA. For fiscal year 2017-18, the Proposed Budget projects total general fund revenues of \$124 billion and authorizes expenditures of \$122.5 billion. The State is projected to end the 2017-18 fiscal year with total available reserves of \$8.8 billion, including \$980 million in the traditional general fund reserve and \$7.9 billion in the BSA.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Potential Impact of State Financial Condition on the City

The State experienced significant financial stress in during the last economic recession, with budget shortfalls in the several billions of dollars. There can be no assurance that, as a result of such State financial stress, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address the State's financial difficulties. Although the State is not a significant source of City revenues, no prediction can be made by the City as to what measures the State will adopt to respond to the current or potential future financial difficulties. There can be no assurance that State actions to respond to State financial difficulties will not adversely affect the financial condition of the City.

Future State Budgets

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control.

Redevelopment Dissolution

General. On December 29, 2011, the State Supreme Court upheld Assembly Bill 1x26 ("AB 1x26"), which dissolved redevelopment agencies in the State. The effect of AB 1x26 upon the City is the termination of the redevelopment functions of the Redevelopment Agency of the City of Pomona (the "Former Agency") and the transfer of such functions to a successor agency, which in the Former Agency's case, is the City (the Successor Agency of the Redevelopment Agency of the City of Pomona, referred to in this Official Statement as the "Successor Agency") tasked with winding down the Former Agency's redevelopment activities. Under AB 1x26, the Successor Agency cannot enter into new redevelopment projects or obligations and its assets can be used only to pay enforceable obligations, which enforceable obligations are generally limited to obligations that were in existence in mid-2011, when AB 1x26 was signed by the Governor. In addition, the Successor Agency will receive tax increment revenues in amounts that are sufficient to pay 100% (but no greater amount) of such enforceable obligations until such obligations (including accrued interest, as applicable) are paid in full, at which time the Successor Agency will be dissolved. Certain tax revenues formerly allocable to the Former Agency will continue to be available to the Successor Agency to pay certain obligations, and a portion of such revenues may be redirected to other taxing agencies, such as the County, school districts and the City. The Successor Agency's activities are subject to review by an oversight board established under AB 1x26. Under AB 1x26, liabilities of the Successor Agency are not liabilities of the City.

On June 27, 2012, the Governor signed Assembly Bill 1484 ("AB 1484"), which made certain amendments to AB 1x26. Under AB 1484, the County Auditor-Controller, the DOF and the State Controller may require the return of funds that were improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by AB 1x26 and AB 1484, and if such funds are not returned within 60 days, they may be recovered through an offset of sales and use tax or property tax allocations to the local agency, which, in the case of the Successor Agency, is the City.

On September 22, 2015, the following amendments to AB 1x26 were enacted as Senate Bill 107 ("SB 107"): (1) redevelopment successor agencies that enter into a written agreement with the DOF to remit unencumbered cash to the county auditor-controller will receive a finding of completion, which provides successor agencies with additional fiscal tools and reduced State oversight; (2) successor agencies that that

have a “Last and Final” ROPS (as discussed below) may expend a portion of proceeds of bonds issued in 2011, which proceeds are currently frozen; (3) pension or State Water Project override revenues that are not pledged to or not needed for redevelopment bond debt service will be returned to the entity that levies the override; (4) agreements relating to State highway improvements and money loaned to successor agencies to pay costs associated with redevelopment dissolution litigation will be considered enforceable obligations; and (5) reentered agreements entered into after the passage of AB 1484 are unenforceable unless entered into for the purpose of providing administrative support.

SB 107 also: (a) requires the preparation of a Recognized Obligation Payment Schedule with respect to enforceable obligations (a “ROPS”), which are required to be submitted to the oversight board and the DOF in accordance with AB 1x26, once a year beginning with the ROPS period that commenced on July 1, 2016 (rather than twice a year under current law); (b) establishes an optional “Last and Final” ROPS process beginning in September 2015; under this process, a successor agency that elected to submit a “Last and Final” ROPS would no longer submit a periodic ROPS and the enforceable obligations set forth in the “Last and Final” ROPS would be binding on all parties; and (c) clarifies that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations.

Impact on the City. Significant provisions of AB 1x26, AB 1484, SB 107 and implementing actions of affected parties, including the Successor Agency, the oversight board, the County and the DOF, may be subject to legal challenge, statutory or administrative changes and other clarifications that could affect the impact of the dissolution of redevelopment on the City and its General Fund. The DOF has periodically proposed additional legislation that would modify statutes affecting redevelopment dissolution; it is not known whether additional legislation will be enacted. The full extent of the impact of the implementation of AB 1x26, AB 1484 and SB 107 or potential future legislation on the City’s General Fund is unknown at this time. While certain administrative costs previously charged to the Former Agency by the General Fund will no longer be supported by the Successor Agency, certain property tax revenues formerly allocated to the Former Agency will now be received by the City’s General Fund.

The City does not receive material amounts from the Former Agency or the Successor Agency which have been asserted to be in violation of AB 1x26 or AB 1484.

Successor Agency Obligations to the General Fund. Although AB 1x26 generally invalidates agreements between host cities and their former redevelopment agencies, AB 1484 added a provision for the enforcement of agreements entered into with respect to obligations which meet certain specified criteria. The only ongoing Successor Agency payment obligations to the City relate to administrative costs and the repayment of certain outstanding loans to the City in its capacity as housing successor agency, for deposit to the low and moderate income housing fund. The Successor Agency does make certain payments to offset operating costs of the Pomona Diamond (also referred to as Storm Stadium), which is operated by the “Pomona Storm,” a minor league baseball franchise. If such payments for operating costs are not made by the Successor Agency, such costs would be an obligation of the City. For Fiscal Year 2016, the payments for operating costs made by the Successor Agency totaled approximately \$650,142.

There can be no assurance that the City and the Successor Agency will not enter into loan agreements in the future to enable the Successor Agency to meet its payment obligations in future years.

In addition, certain moneys, real property and other assets were previously transferred to the City by the Successor Agency as part of the DOF-mandated due diligence undertaking related to redevelopment dissolution. There can be no assurance that the DOF, the State Controller or other State or County bodies will not compel the City to disgorge moneys, real property or other assets received from the Successor Agency as part of the redevelopment dissolution process in the future.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

There are a number of provisions in the State Constitution that limit the ability of the City to raise and expend tax revenues.

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value’, or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to December 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after December 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition (55% in the case of certain school facilities). Property taxes subject to Proposition 13 are a significant source of revenues to the City’s General Fund. See Appendix A—“THE CITY—CITY FINANCIAL INFORMATION” attached hereto.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

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

Article XIII B of the California Constitution

At the statewide special election on November 6, 1979, the voters approved an initiative entitled “Limitation on Government Appropriations” which added Article XIII B to the California Constitution. Under Article XIII B, state and local government entities have an annual “appropriations limit” which limits the ability to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues and certain state subventions together called “proceeds of taxes” and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations limit” including debt service on indebtedness existing or authorized as of December 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIII B, if those entities’ revenues in any year exceed the amounts

permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution.

Proposition 62

A statutory initiative ("Proposition 62") was adopted by the voters of the State at the November 4, 1986 General Election which: (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed; (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were upheld by the California State Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220; 45 Cal.Rptr.2d 207 (1995).

Proposition 62 applies to the imposition of any taxes or the effecting of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are largely subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See "—Proposition 218" below.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments are deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge may be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the *ad valorem* property tax imposed pursuant to Article XIII and Article XIII A of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to the California Constitution, and (iii) assessments, fees and charges for property related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such new provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from general taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City’s General Fund.

Unitary Property

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to statutory formula generally based on the distribution of taxes in the prior year.

Proposition 22

On November 2, 2010, voters in the State approved Proposition 22, which eliminates the State’s ability to borrow or shift local revenues and certain State revenues that fund transportation programs. It restricts the State’s authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties, special districts and redevelopment agencies, the Vehicle License Fee, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State’s ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 1A

As part of Governor Schwarzenegger’s agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A (“Proposition 1A”) at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008–09, the State may borrow up to 8 percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than 2 fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Article XIII A, Article XIII B and Propositions 62, 218, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting the City’s current revenues or its ability to raise and expend revenues.

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, interest on the Series BG Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on Series BG Bonds is exempt from State of California personal income tax.

With certain exceptions, the difference between the issue price of a Series BG Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series BG Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the owner of a Series BG Bond will increase the owner’s basis in the Series BG Bond. In the opinion of Bond Counsel original issue discount that accrues to the owner of a Series BG Bond is exempt from State of California personal income tax.

The amount by which a Series BG Bond Owner’s original basis for determining loss on sale or exchange in the applicable Series BG Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series BG Bond premium, which must be amortized under Section 171 of the Code; such amortizable Series BG Bond premium reduces the Series BG Bond Owner’s basis in the applicable Series BG Bond, and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series BG Bond premium may result in a Series BG Bond Owner realizing a taxable gain when a Series BG Bond is sold by the Owner for an amount equal to or less

(under certain circumstances) than the original cost of the Series BG Bond to the Owner. Purchasers of the Series BG Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series BG Bond premium.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES BG BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES BG BONDS OR THE MARKET VALUE OF THE SERIES BG BONDS. TAX REFORM PROPOSALS ARE BEING CONSIDERED BY CONGRESS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES MIGHT BE INTRODUCED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES BG BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES BG BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES BG BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES BG BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES BG BONDS.

The ownership of the Series BG Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series BG Bonds may affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series BG Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the Series BG Bonds.

The form of Bond Counsel's proposed opinion with respect to the Series BG Bonds is attached hereto in Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Series BG Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is also acting as Disclosure Counsel for the City. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series BG Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Series BG Bonds. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Pomona, for the Underwriter by Fox Rothschild LLP, Los Angeles, California, and for the Trustee by its counsel. Counsel to the Underwriter will receive compensation contingent upon that issuance of the Series BG Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series BG Bonds, the Lease Agreement or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims from time to time pending against the City. In the opinion of the City, and taking into account likely insurance coverage and litigation reserves, there are no lawsuits or claims pending against the City which will materially affect the City's finances so as to impair its ability to pay Base Rental Payments when due.

UNDERWRITING

The Series BG Bonds are being purchased by B.C. Ziegler and Company (the "Underwriter"). The Underwriter will purchase the Series BG Bonds from the Authority at an aggregate purchase price of \$_____ (representing the principal amount of the Series BG Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, and less Underwriter's discount of \$_____).

The Series BG Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Series BG Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

RATINGS

S&P Global Ratings ("S&P") has assigned the Series BG Bonds the rating of "___" based upon the delivery of the Policy by _____ at the time of issuance of the Series BG Bonds. S&P has assigned the Series BG Bonds the rating of "___" without regard to the delivery of the Policy. Certain information was supplied by the City to S&P to be considered in evaluating the Series BG Bonds (which may include information and material which is not included in this Official Statement). In addition, rating agencies may base their ratings on investigations, studies and assumptions by the rating agencies. The ratings issued reflect only the views of S&P, and any explanation of the significance of such ratings should be obtained from S&P. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Other than as provided in the Continuing Disclosure Certificate, the City undertakes no responsibility either to bring to the attention of the owners of any Series BG Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of and the ability to trade the Series BG Bonds.

FINANCIAL ADVISOR

The City has retained Urban Futures, Inc., Orange, California (the "Financial Advisor") as financial advisor in connection with the sale of the Series BG Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series BG Bonds to provide annually certain financial information and operating data relating to the Series BG Bonds and the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City's undertaking with respect to the Annual Report and certain enumerated events, see Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Annual Report is to be provided by the City not later than nine months after the end of the City's fiscal year, commencing with the report for Fiscal Year 2016. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board.

These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Within the last five years, the City has on occasion failed to comply in certain material respects with its previous continuing disclosure undertakings pursuant to the Rule, including, but not limited to, the failure to timely file complete annual reports for some of the City’s outstanding debt obligations and a failure to timely file certain notices of rating changes. In connection with such annual reports, the City did not file notices of a failure to provide annual financial information on or before the date specified in its prior continuing disclosure undertakings. The City has since brought itself current with respect to all of its filings that were required to have been made within the past five years.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements of the City as of and for the year ended June 30, 2016, together with the report thereon dated January 25, 2017 of Lance Soll & Lunghard, LLP, Brea, California, certified public accountants (the “Auditor”). Such audited financial statements have been included herein in reliance upon the report of the Auditor. The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated January 25, 2017.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease Agreement, the Ground Lease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Pomona, 505 South Garey Avenue, Pomona, California 91766.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series BG Bonds.

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

POMONA PUBLIC FINANCING AUTHORITY

By: _____
Chair

CITY OF POMONA

By: _____
City Manager

APPENDIX A

THE CITY

General

The City was incorporated in January 1888, and became a charter city in 1911. The City now encompasses approximately 22.9 square miles, and has an estimated 2016 population of 155,604. The City is located approximately 30 miles east of downtown Los Angeles, in the eastern portion of the County of Los Angeles (the “County”), adjacent to Orange and San Bernardino counties.

Government and Administration

The City Charter provides for a council-manager form of government, with an elected council of seven members including a mayor. City Councilmembers are elected by district for overlapping four-year terms. The Mayor is the presiding officer of the Council and is elected at large for a four-year term. Mayor Tim Sandoval was elected in November 2016. The City Manager appoints department heads on the basis of specialized knowledge, experience and education in their area of responsibility. The City provides police protection, sewer maintenance, street sweeping, park maintenance, building inspection, library, water, and sanitation services.

As of March 2017, the City had a staff of 488 full-time equivalent employees and 159 part-time employees.

The current members of the City Council and their term expiration are as follows:

<i>Director</i>	<i>Expiration of Term</i>
Rubio R. Gonzalez	November 2020
Adriana Robledo	November 2018
Christina Carrizosa	November 2018
Elizabeth Ontiveros-Cole	November 2020
Ginna E. Escobar	November 2018
Robert S. Torres	November 2020

City Services. The City provides police protection, sewer maintenance, street sweeping, park maintenance, building inspection, library, water, and sanitation services. The City’s Police Department is responsible for the protection of life and property and traffic enforcement within the City, and currently employs 153 sworn employees. The City transferred the responsibility for fire safety services to the Consolidated Fire Protection District of Los Angeles County, which currently employs 32.2 full-time equivalent (29 fire suppression and 3.2 fire prevention) sworn fire personnel in the City. The City cooperates with the County in the provision of flood control protection. Numerous hospitals and health care facilities are located in and near the City.

Cultural and recreational facilities within the City include numerous churches, 27 parks, 14 community centers, four museums, one performing arts center, one public library, and one golf course. Additional outdoor recreational opportunities are available at the San Gabriel Mountains and the Angeles National Forest. Also, Pomona’s proximity to the San Bernardino and Pomona Freeways brings the cultural and recreational advantages of Los Angeles, San Bernardino and Orange counties within convenient driving distance.

The City is home to the Los Angeles County Fair, which takes place in a 487-acre facility known as the Fairplex. The Los Angeles County Fair attracts over one million people annually.

Risk Management

The City maintains a self-insurance program to provide for the general liability, workers compensation and unemployment benefits claims. The Self-Insurance Internal Service Fund is part of the City's self-insurance program for general liability, workers compensation, and unemployment insurance.

The City is a member of the California State Association of Counties Excess Insurance Authority ("CSAC-EIA"). Through CSAC-EIA, the City has a program limit of \$25 million dollars with a self-insured retention of \$1 million for its excess liability program and its worker's compensation program. Additionally, the City purchases catastrophic excess liability coverage that provides an additional \$25 million in coverage.

CSAC-EIA is a governmental joint powers authority created by certain California counties and cities to provide a pooled approach to the members' liability and excess workers' compensation coverage as allowed under the California Government Code. The authority manages various types of pooled coverage programs for participating members.

As of June 30, 2016, estimated claims payable amounted to \$14,057,215.

For additional information relating to the City's insurance coverages and the Insurance Authority, see Note 15 to the City's audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds include activities of the City that are not proprietary or fiduciary. These funds are used to account for, essentially, the same functions reported as "governmental activities" in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Only assets expected to be used and liabilities that come due during the year or soon thereafter are reported on the Balance Sheet. No capital assets are included. Revenues for which cash is received during or soon after the end of the year, and expenditures for goods and services that have actually been received during the year, are included within the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The City maintains 19 individual governmental funds. Individual fund information is presented for the "major" funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The major funds presented include the General Fund, the Housing Authority Fund, the Miscellaneous Grants Fund, the General Debt Service Fund, and the Public Financing Authority Debt Service Fund. Information for the remaining governmental funds is combined into a single "other governmental funds" column on the face of the financial statements. Individual fund data for each of these non-major governmental funds is provided in the form of "combining statements" presented in the Supplemental Data portion of the report.

Proprietary funds are used to report two types of funds: enterprise funds and internal service funds. Enterprise funds report the same functions presented as "business-type" activities in the government-wide financial statements. These include activities that the City operates similar to a private business. The City

uses enterprise funds to account for the operations of the City and Canon Water Company all of which are considered “major” funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its self-insurance activities, equipment maintenance activities, information technology activities, and printing/mail service activities. Because these four services predominately benefit governmental rather than business-type functions, the activity has have been included within “governmental activities” in the government-wide financial statements. All internal service funds are combined into a single aggregated column presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements presented in the Supplemental Data portion of the report.

Proprietary funds use the accrual basis of accounting and focus on the accumulation and use of economic resources. Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. All assets and liabilities, both financial and capital, short and long-term are included within these statements. All revenues earned and expenses incurred during the year are also included, regardless of when cash is actually received or paid.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the funds are custodial in nature, and therefore, these resources are not available to fund City programs.

The Government Finance Officers Association has awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for each of the past 23 years.

Budget Procedure, Current Budget and Historical Budget Information

The budgetary process is guided by City Council’s priorities, with input from residents, neighborhood groups, boards, commissions, and businesses following fall neighborhood meetings and various year-round opportunities for suggestions and comments. Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States for all governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year-end.

On or before the last day in January of each year, all operational units submit requests for appropriations to the City Manager for budget preparation purposes. The City Council holds public hearings and a final budget must be adopted no later than June 30. The budget for Fiscal Year 2016-17 was approved on June 6, 2016.

The appropriated budget is prepared by fund, function, and department. The City’s department directors, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department and between departments within a fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Unexpended appropriations lapse at year-end regardless of encumbrances.

Set forth in Table 1 is the General Fund budgets for Fiscal Years 2015 through 2018, the audited results for Fiscal Years 2015 and 2016, and projected results for Fiscal Year 2017. During the course of each Fiscal Year, the budgets are amended and revised as necessary by the City Council.

**TABLE 1
CITY OF POMONA
GENERAL FUND BUDGETS**

	<i>Final Fiscal Year 2015 Budget</i>	<i>Fiscal Year 2015 Results</i>	<i>Final Fiscal Year 2016 Budget</i>	<i>Fiscal Year 2016 Results</i>	<i>Initial Fiscal Year 2017 Budget</i>	<i>Projected Fiscal Year 2017 Results</i>	<i>Preliminary Fiscal Year 2018 Budget</i>
Budgetary Fund Balance, July 1	\$ 12,373,245	\$ 12,373,245	\$ 17,288,103	\$ 17,288,103	\$ 17,475,369	\$ 16,839,652	
Resources (Inflows):							
Taxes	77,093,616	78,607,713	\$ 81,519,226	\$ 76,888,873	\$ 81,115,142	\$ 79,841,168	
Licenses and permits	5,385,160	4,566,429	6,229,151	7,122,185	7,065,299	5,666,394	
Intergovernmental	120,000	352,160	202,900	205,289	212,500	115,385	
Charges for services	3,281,101	3,246,764	4,137,732	3,719,655	2,748,095	2,805,705	
Interest and rentals	286,408	447,838	966,108	731,529	340,363	2,044,108	
Fines and forfeitures	1,660,700	2,051,647	1,812,000	2,040,214	1,760,500	1,727,130	
Contributions	50,000	51,581	--	--	--	--	
Miscellaneous	733,400	663,195	667,388	990,701	270,000	502,168	
Transfers in	--	80	--	--	--	947,170	
Proceeds from sale of capital assets	--	32,830	--	--	--	--	
Amounts available for Appropriations	\$ 100,983,630	\$ 102,393,482	\$ 112,822,608	\$ 108,986,549	\$ 110,987,268	\$ 110,488,880	
Charges to Appropriations (Outflows):							
General Government	\$ 4,441,648	\$ 3,978,320	\$ 4,787,027	\$ 4,769,534	\$ 3,415,095	\$ 5,271,144	
Public Safety	66,703,040	65,116,912	69,993,526	69,328,233	72,465,805	71,767,469	
Urban Development	8,922,490	7,809,025	9,915,530	9,244,681	9,688,664	9,020,434	
Neighborhood Services	3,483,882	3,160,848	3,725,072	3,258,082	3,796,198	3,834,385	
Capital outlay	142,317	105,557	717,050	192,589	872,000	1,366,162	
Debt service:							
Principal retirement	217,944	292,945	296,861	281,827	349,225	366,296	
Interest and fiscal charges	18,824	20,136	3,750	18,783	17,071	--	
Transfers out	4,621,636	4,621,636	5,919,177	5,053,168	4,751,358	3,537,018	
Total Charges to Appropriations	\$ 88,551,781	\$ 85,105,379	\$ 95,357,993	\$ 92,146,897	\$ 95,355,416	\$ 95,162,905	
Budgetary Fund Balance, June 30	<u>\$ 12,431,849</u>	<u>\$ 17,288,103</u>	<u>\$ 17,464,615</u>	<u>\$ 16,839,652</u>	<u>\$ 15,631,852</u>	<u>\$ 15,325,972</u>	

Source: Adopted Budgets of the City for Fiscal Years 2015, 2016 and 2017, Audited Financial Statements for Fiscal Years 2015 and 2016. Projected results as of April 30, 2017 for Fiscal Year 2017, from the City. Preliminary 2018 budget figures provided by the City as of _____, 2017. The Board is expected to approve the Budget of the City for Fiscal Year 2018 on June 5, 2017.

Comparative Change in Fund Balance of the City General Fund

Table 2 below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2013 through 2016.

TABLE 2
CITY OF POMONA GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FIVE YEAR COMPARISON

	2013	2014	2015	2016
Revenues:				
Taxes	\$ 71,083,830	\$ 74,341,949	\$ 78,607,713	\$ 76,888,873
Special assessments	--	--	--	--
Licenses and permits	3,980,051	4,797,126	4,566,429	7,122,185
Intergovernmental	967,942	121,942	352,160	205,289
Charges for services	2,757,955	2,790,058	3,246,764	3,719,655
Interest and rentals	297,471	300,833	447,838	731,529
Fines and forfeitures	1,946,354	2,106,227	2,051,647	2,040,214
Contributions from Successor Agency	--	--	51,581	--
Miscellaneous	1,925,999	360,719	663,195	990,702
Total Revenues	\$ 82,959,602	\$ 84,818,854	\$ 89,987,327	\$ 91,698,446
Expenditures:				
Current:				
General government	3,515,785	3,102,523	3,978,320	4,769,534
Public Safety	58,592,709	61,402,778	65,116,912	69,328,233
Urban Development	7,292,270	8,231,564	7,809,025	9,244,681
Neighborhood Services	3,534,194	3,271,204	3,160,848	3,258,082
Capital Outlay	24,141	75,473	105,557	192,589
Debt service:				
Principal retirement	212,255	211,809	292,945	281,827
Interest and fiscal charges	8,655	24,960	20,136	18,783
Total Expenditures	\$ 73,180,009	\$ 76,320,311	\$ 80,483,743	\$ 87,093,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,779,593</u>	<u>8,498,543</u>	<u>9,503,584</u>	<u>4,604,717</u>
Other Financing Sources (Uses):				
Transfers in	15,704	35,413	80	--
Transfers out	(4,551,968)	(4,629,278)	(4,621,636)	(5,053,168)
Capital Assets	35,370	1,041,849	32,830	--
Total Other Financing Sources (Uses)	(4,500,894)	(3,552,016)	(4,588,726)	(5,053,168)
Net change in fund balance	\$ 5,278,699	\$ 4,946,527	\$ 4,914,858	\$ (448,451)
Fund Balances:				
Beginning of year, as originally reported	\$ 2,148,019	\$ 7,426,718	\$ 12,373,245	\$ 17,288,103
Restatements	--	--	--	--
Beginning of year, as restated	2,148,019	7,426,718	12,373,245	17,288,103
Net change in fund balances	5,278,699	4,946,527	4,914,858	(448,451)
End of Year	\$ 7,426,718	\$ 12,373,245	\$ 17,288,103	\$ 16,839,652

Source: Audited Financial Statements for Fiscal Years 2012 through 2016.

Comparative General Fund Balance Sheets of the City

Table 3 below presents the City's audited General Fund Balance Sheets for Fiscal Years 2013-2016.

TABLE 3
CITY OF POMONA
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	2013	2014	2015	2016
Assets:				
Cash and Investments	\$ 3,779,783	\$ 7,614,495	\$ 12,482,973	\$ 10,448,022
Receivables (net):				
Accounts	2,327,828	3,674,323	3,446,859	4,264,358
Notes and loans	--	--	--	--
Interest	3,519	8,534	14,649	21,944
Prepaid costs	15,850	15,391	16,089	32,252
Due from other governments	5,697,244	3,598,635	4,710,463	6,703,926
Due from other funds	1,611,737	1,636,525	1,736,087	1,872,608
Advances to other funds	--	--	--	--
Advances to Successor Agency	--	--	--	--
Inventories	94,099	97,045	86,191	74,624
Land held for resale	--	--	--	--
Other investments	--	--	--	--
Restricted assets:				
Cash and investments	--	--	41,258	11,903
Total Assets	\$ 13,530,060	\$ 16,644,948	\$ 22,534,569	\$ 23,429,637
Liabilities, Deferred Inflow of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,748,159	\$ 1,549,720	\$ 1,323,928	\$ 1,558,994
Payroll payable	733,142	963,186	1,254,742	1,721,476
Accrued liabilities	11,574	14,481	12,915	5,313
Deferred revenues	2,306,032	--	--	--
Deposits payable	--	--	--	--
Due to other governments	--	--	--	--
Due to other funds	--	--	--	--
Interest payable	--	--	--	--
Advances from other funds	304,435	304,435	304,435	304,435
Total Liabilities	6,103,342	2,831,822	2,896,020	3,590,218
Deferred Inflows of Resources				
Unavailable revenues	--	1,439,881	2,350,446	2,999,767
Total Deferred Inflows of Resources	--	1,439,881	2,350,446	2,999,767
Fund Balance:				
Nonspendable				
Inventories	94,099	97,045	86,191	74,624
Prepaid costs	15,850	15,391	16,089	32,252
Restricted	--	--	--	--
Committed				
Fiscal sustainability	7,316,769	12,260,809	14,467,914	15,664,972
Unassigned	--	--	2,717,909	1,067,804
Total Fund Balance	7,426,718	12,373,245	17,288,103	16,839,652
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 13,530,060	\$ 16,644,948	\$ 22,534,569	\$ 23,429,637

Source: Audited Financial Statements for Fiscal Years 2012-2016.

Property Taxes

Property tax receipts of \$33,716,887 provided the second largest tax revenue source of the City, contributing approximately 31.1% of total General Fund revenues during Fiscal Year 2016. The City budgets property tax receipts of \$31,334,664 in Fiscal Year 2017, which is approximately 35% of total budgeted General Fund revenues during Fiscal Year 2017. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State Law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property become delinquent on the following December 10th and April 10th of the subsequent calendar year. Taxes on unsecured property are due July 1, and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of forcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s Office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 25 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.

For a number of years, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund. The term “ERAF” is often used as a shorthand reference for this shift of property taxes. In 1992-93 and 1993-94, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over \$3 billion of property taxes from cities, counties, and special districts to schools and community college districts. The 2004-05 California State Budget included an additional \$1.3 billion shift of property taxes from certain local agencies, including the City, to occur in Fiscal Years 2004-05 and 2005-06.

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State may not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (iv) decrease Vehicle License Fees revenues without providing local governments with equal replacement funding. Beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The City also received a portion of Department of Motor Vehicles license fees (“VLF”) collected statewide. Several years ago, the State-wide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the “VLF backfill.” The State VLF backfill was phased out and as of Fiscal Year 2012 all of the VLF is now received through an in-lieu payment from State property tax revenues.

Table 4 below sets forth the historical assessed valuations for property in the City for the Fiscal Years 2013 through 2017, as reported by the Los Angeles County Auditor-Controller. Neither the City nor the Underwriter has independently verified the information in Table 4 and do not guarantee its accuracy.

TABLE 4
CITY OF POMONA
ASSESSED VALUATION
FISCAL YEARS 2013 TO 2017

<i>Fiscal Year</i>	<i>Secured</i>	<i>Public Utility</i>	<i>Unsecured</i>	<i>Total</i>
2013	\$8,087,085,890	\$655,062	\$347,742,464	\$8,435,483,416
2014	8,459,858,388	374,310	361,594,661	8,821,827,359
2015	8,954,747,085	374,253	374,474,845	9,329,596,183
2016	9,455,760,390	374,222	383,971,017	9,840,105,629
2017	10,151,116,164	319,122	368,868,667	10,520,303,953

Note: Assessed valuation reductions for Homeowner’s Exemptions are not deducted.

Source: Los Angeles County Auditor Controller; the City.

Table 5 below sets forth secured tax charges and delinquencies in the City as of June 30 for Fiscal Years 2012 through 2016. The information in Table 5 has been provided by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in Table 6 and do not guarantee its accuracy.

TABLE 5
CITY OF POMONA
SECURED TAX CHARGES AND DELINQUENCIES
FISCAL YEARS 2012 THROUGH 2016

<i>Fiscal Year</i>	<i>Secured Tax Charge ⁽¹⁾</i>	<i>Amount Delinquent as of June 30</i>	<i>Percent Delinquent as of June 30</i>
2012	\$12,329,906.81	\$157,342.72	1.28%
2013	12,528,234.23	83,829.37	0.67
2014	13,596,705.38	102,468.16	0.75
2015	14,723,318.88	110,377.54	0.75
2016	24,446,877.44	344,518.66	1.41

⁽¹⁾ 1% General Fund apportionment net of tax increment payable to the City's redevelopment agency.
Source: California Municipal Statistics, Inc.

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The 20 largest taxpayers in the City as shown on the Fiscal Year 2017 secured tax roll, the land use, the assessed valuation and the percentage of the City's total property tax revenues attributable to each are shown on Table 6 below. The information in Table 6 has been provided by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in Table 6 and do not guarantee its accuracy.

**TABLE 6
CITY OF POMONA
LARGEST LOCAL SECURED TAXPAYERS
FISCAL YEAR 2016-17**

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2016-17 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1. Crest Financing LP	Apartments	\$84,759,667	0.83%
2. Prologis USLV NewCA 5 LLC	Industrial	47,209,125	0.47
3. Monterey Station LLC	Apartments	36,056,663	0.36
4. Los Angeles County Fair Association	Event Center	31,975,444	0.31
5. LBA Realty Fund III-Co. VII LLC	Industrial	31,133,974	0.31
6. CMC Dragon LP	Industrial	29,556,181	0.29
7. Pomona II LLC	Industrial	29,318,392	0.29
8. Rexford Industrial Realty LP	Industrial	28,166,539	0.28
9. Sybron Dental Specialties Inc.	Industrial	26,534,000	0.26
10. PRBC 7 LP	Office Building	25,601,104	0.25
11. Investel One LLC	Hotel	25,190,510	0.25
12. Altagas Pomona Energy Inc.	Industrial	25,140,486	0.25
13. BRE Paragon MF Olive Ridge	Apartments	24,999,604	0.25
14. Graybar Electric Company Inc.	Industrial	23,694,411	0.23
15. FDS Manufacturing Co.	Industrial	22,631,758	0.22
16. Friedland Realty LLC	Industrial	21,643,707	0.21
17. Pomona Valley Hospital Medical Center	Medical Buildings	21,375,955 ⁽²⁾	0.21
18. Konica Minolta Business Solution	Industrial	21,115,500	0.21
19. Familian Corp.	Industrial	20,868,276	0.21
20. MG Terramonte Apartments LP	Apartments	<u>20,126,943</u>	<u>0.20</u>
		\$597,098,239	5.88%

⁽¹⁾ 2016-17 Local Secured Assessed Valuation: \$10,151,116,164.

⁽²⁾ Net taxable value.

Source: California Municipal Statistics, Inc.

Sales Taxes

Sales tax receipts of \$15,171,472 provide the third largest tax revenue source for the City, contributing approximately 19.1% of total General Fund revenues during Fiscal Year 2016. A sales tax is imposed on retail sales or consumption of personal property. The City budgets sales tax receipts of \$18,075,000 in Fiscal Year 2017, which is approximately 19% of total budgeted General Fund revenues during Fiscal Year 2017. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City is 8.75%.

On March 2, 2004, State voters approved a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion of Economic Recovery Bonds to finance ongoing State budget deficits, which are payable from a fund established by the redirection of tax revenues known as the "Triple Flip." The State issued \$11.3 billion of Economic Recovery Bonds prior to June 30, 2004. Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction was redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, State legislation provided for certain property taxes to be redirected to local government. Because these property tax moneys were previously

earmarked for schools, the legislation provided for schools to receive other State general fund revenues. The swap of sales taxes for property taxes terminated in Fiscal Year 2016 upon the repayment of the Economic Recovery Bonds and there is no “Triple Flip” beginning in Fiscal Year 2017.

Services

Fees of \$3,719,655 collected for governmental services provided by the City, including, but not limited to, fees for plan checks, issuing of building permits, police revenues, graffiti abatement, street sweeping and maintenance, provided approximately 4.1% of General Fund revenues during Fiscal Year 2016. The City budgets fees for services in the amount of \$4,064,135 in Fiscal Year 2017, which is approximately 4% of total budgeted General Fund revenues during Fiscal Year 2017.

City Enterprise Operations

The City provides, and accounts for separately from the General Fund, municipal services for water, sewer and refuse collection and curbside collection of recycling materials.

Tax Revenues by Source

The following table sets forth the audited tax revenues by source for Fiscal Years 2013 through 2016.

	<i>Fiscal Year Ending June 30</i>			
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Revenues:				
Property taxes	\$ 32,143,878	\$ 33,630,550	\$ 36,408,806	\$ 33,716,887
Sales taxes	12,354,719	12,040,357	13,544,946	15,171,472
Motor vehicle licenses	69,443	--	67,079	61,498
Transient occupancy taxes	1,473,662	1,560,682	1,568,387	1,723,719
Property transfer taxes	1,475,856	1,430,195	1,581,039	1,859,615
Franchise taxes	5,671,708	6,029,371	6,563,245	6,425,511
Utility users taxes	16,941,444	17,311,594	17,465,816	16,419,345
Business licenses	3,123,120	3,171,919	3,346,851	3,408,813
Other Taxes	20,966	12,963	59,221	139,498
Total Revenues	<u>\$ 73,274,796</u>	<u>\$ 75,187,631</u>	<u>\$ 80,605,390</u>	<u>\$ 78,926,358</u>

Source: Audited Financial Statements for Fiscal Year 2016.

Indebtedness

Long-Term Debt. As of June 30, 2016, the City had \$221,730,949 of total bonds outstanding. These amounts are comprised as follows: (a) \$166,608,227 of outstanding revenue bonds, none of which are payable from the City’s General Fund; (b) \$44,152,153 of outstanding pension obligation refunding bonds, all which are payable from the City’s General Fund; and (c) \$10,970,569 of certificates of participation, which are payable from the City’s General Fund.

The following is a summary of long-term debt for the year ended June 30, 2016:

	<i>Balance July 1, 2015</i>	<i>Accreted/ Accrued Interest</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2016</i>	<i>Due Within One Year</i>
Governmental Activities						
Pollution remediation obligations	\$ 960,809	\$ --	\$ 1,200,000	\$ 815,203	\$ 1,345,606	\$ 630,000
Obligation under capital leases	586,295	--	400,408	283,718	702,985	353,008
Notes payable	655,000	--	--	220,000	435,000	220,000
Revenue bonds	39,564,000	--	--	1,626,000	37,938,000	1,720,000
Pension obligation refunding						
bonds	44,333,953	433,200	--	615,000	44,152,153	715,000
Certificates of participation	11,336,191	--	--	365,622	10,970,569	355,000
Subtotal	97,436,248	433,200	1,600,408	3,925,543	95,544,313	3,993,008
Compensated absences	7,118,226	--	4,945,134	4,810,546	7,252,814	4,946,000
Claims payable	12,101,548	--	5,581,864	3,626,197	14,057,215	5,549,895
Total governmental activities	\$ 116,656,022	\$ 433,200	\$ 12,127,406	\$ 12,362,286	\$ 116,854,342	\$ 14,488,903
Business-Type Activities						
Obligations under capital leases	\$ 3,004,393	\$ --	\$ --	\$ 573,408	\$ 2,430,985	\$ 586,826
Revenue bonds	132,086,644	--	--	1,898,783	130,187,861	1,830,000
Subtotal	135,091,037	--	--	2,472,191	132,618,846	2,416,826
Compensated absences	1,302,207	--	1,052,183	950,780	1,403,610	1,054,000
Total business-type activities	\$ 136,393,244	\$ --	\$ 1,052,183	\$ 3,422,971	\$ 134,022,456	\$ 3,470,826

Source: Audited Financial Statement of the City for Fiscal Year 2016.

2016 Lease Revenue Refunding Bonds, Series BC. On September 8, 2016, the Pomona Public Financing Authority (the “Authority”) issued \$26,645,000 of its 2016 Lease Revenue Refunding Bonds, Series BC (the “Series BC Bonds”) to refinance the City’s outstanding Certificates of Participation 2003 Series AG (General Fund Lease Financing) and the Authority’s outstanding 2005 Lease Revenue Bonds, Series AN. The Series BC Bonds are currently outstanding in the principal amount of \$26,645,000.

2006 Lease Revenue Bonds, Series AU and Series AV. On December 20, 2006, the Authority issued \$2,540,000 of its 2006 Lease Revenue Bonds, Series AU and \$10,790,000 of its 2006 Taxable Lease Revenue Bonds, Series AV (together, the “Series AU/AV Bonds”) to refinance the City’s outstanding Certificates of Participation, 2002 Series AE (Mission Promenade Project) and finance certain improvements. The Series AU/AV Bonds are currently outstanding in the principal amount of \$13,065,000. The Series AU/AV Bonds are expected to be redeemed with proceeds of the Series BG Bonds.

2006 Pension Obligation Refunding Bonds, Series AR. On February 1, 2006, the City issued \$42,280,684 Pension Obligations Refunding Bonds, Series 2006 AR (the “Series AR Bonds”) to refinance the City’s outstanding Pension Obligation Refunding Bonds, Series 2004 AJ and its Pension Obligation Refunding Bonds, Series 2004 AK. The Series AR Bonds were issued as current interest bonds in the principal amount of \$36,205,000 and as capital appreciation bonds in the original issuance amount of \$6,075,684. The Series AR Bonds are currently outstanding in the principal amount of \$40,096,233.

Interest on the current interest bonds is payable semiannually on each January 1 and July 1. The rates of interest vary and range from 5.24% to 5.832% per annum. Principal is payable in annual installments ranging from \$71,302 to \$5,140,000. The capital appreciation bonds are payable only at maturity and do not bear interest on a current basis. The accreted value of each capital appreciation bond is equal to its accreted value upon the maturity thereof, being comprised of its initial purchase price and the accreted interest between the delivery date and its respective maturity date. The obligation of the City to make payments with respect to the Series AR Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law and is not limited to any special source of funds. The City’s obligation for the Series AR Bonds is any money available in the City’s General Fund. The Series AR Bonds are not secured or limited as

to payment by any special source of funds of the City. The current interest bonds are subject to redemption prior to maturity. The capital appreciation bonds are not subject to redemption prior to maturity. The current interest bonds are expected to be redeemed with proceeds of the Series BG Bonds.

2005 Lease Revenue Bonds, Series AN. On August 4, 2005, the Authority issued \$19,910,000 of its 2005 Lease Revenue Bonds, Series AN (the “Series AN Bonds”) to refinance the Authority’s outstanding 1995 Lease Revenue Bonds, Series P and finance certain improvements of the City. The Series AN Bonds are currently outstanding in the principal amount of \$18,730,000.

For a description of the City and its related entities’ outstanding indebtedness, which are not payable from the City’s General Fund, see Note 10 to the City’s audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

Short-Term Debt. The City currently has no short-term debt outstanding.

For additional information relating to the City and its related entities’ outstanding indebtedness, see Note 10 to the City’s audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

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Estimated Direct and Overlapping Debt. The estimated direct and overlapping bonded debt of the City as of April 1, 2017 is shown in Table 8 below. The information in Table 8 has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in Table 8 and do not guarantee its accuracy.

**TABLE 8
CITY OF POMONA
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
AS OF APRIL 1, 2017**

2016-17 Assessed Valuation: \$10,520,303,953

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/17</u>
Los Angeles County Flood Control District	0.798%	\$80,279
Metropolitan Water District	0.407	304,863
Citrus Community College District	1.215	1,172,081
Mount San Antonio Community College District	12.269	43,806,785
Bonita Unified School District	0.245	308,773
Claremont Unified School District	5.942	1,646,528
Pomona Unified School District	76.036	173,094,492
City of Pomona 1915 Act Bonds	100.000	2,935,000
Los Angeles County Regional Park and Open Space Assessment District	0.782	304,159
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$223,652,960
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.782%	\$15,354,735
Los Angeles County Superintendent of Schools Certificates of Participation	0.782	56,343
Los Angeles County Sanitation District No. 21 Authority	21.154	1,818,095
Bonita Unified School District General Fund Obligations	0.245	34,391
Claremont Unified School District General Fund Obligations	5.942	378,803
Pomona Unified School District Certificates of Participation	76.036	13,196,048
City of Pomona General Fund Obligations	100.000	38,790,000⁽¹⁾
City of Pomona Pension Obligation Bonds	100.000	40,096,234
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$109,724,649
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$149,800,000
COMBINED TOTAL DEBT		\$483,177,609⁽²⁾

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.13%
Total Direct Debt (\$78,886,234)	0.75%
Combined Total Debt	4.59%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,818,307,029):

Total Overlapping Tax Increment Debt	3.92%
--	-------

⁽¹⁾ Excludes the Series BG Bonds.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

Retirement Contributions

Summary of Plans. The City contributes to California Public Employees Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan for all of the City’s qualified permanent and probationary employees who participate in the City’s Miscellaneous and Safety Plans. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the City. Benefits are based on years of credited service, equal to one year of full time employment. Members with five

years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CalPERS plan benefit provisions and all other requirements are established by State statute and City resolution or ordinance. Participants in the City's CalPERS plan contribute the full amount of the required employee contribution, which is up to 7% of their annual covered salary for the Miscellaneous Plan and 12.750% of their annual covered salary for the Safety Plan, depending on benefit level. The City's CalPERS Plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

**CITY OF POMONA
SUMMARY OF CALPERS PLAN PROVISIONS AS OF JUNE 30, 2016
MISCELLANEOUS PLAN**

	<u>Tier 1⁽¹⁾</u>	<u>Tier 2⁽¹⁾</u>	<u>PEPRA</u>
Hire Date	<i>Prior to 8/14/2011</i>	<i>On or after 8/14/2011 but prior to 1/1/2013</i>	<i>On or after 1/1/2013</i>
Benefit Formula	2.0% at 55	2.0% at 60	2.0% at 62
Benefit Vesting Schedule	5 years	5 years	5 years
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 yrs	Minimum 50 yrs	Minimum 52 yrs
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418%, 50 yrs – 63+ yrs, respectively	1.092% - 2.418%, 50 yrs – 63+ yrs, respectively	1.000% - 2.500%, 52 yrs – 67+ yrs, respectively
Required Employee Contribution Rate	7.000%	7.000%	6.250%
Required City Contribution Rate	17.053%	17.053%	17.053%

⁽¹⁾ Plan is closed to new entrants.

Source: Audited Financial Statement of the City for Fiscal Year 2016.

**CITY OF POMONA
SUMMARY OF CALPERS PLAN PROVISIONS AS OF JUNE 30, 2016
SAFETY PLAN**

	<u>Tier 1⁽¹⁾</u>	<u>Tier 2⁽¹⁾</u>	<u>PEPRA</u>
Hire Date	<i>Prior to 11/21/2010</i>	<i>On or after 11/21/2010 but prior to 1/1/2013</i>	<i>On or after 1/1/2013</i>
Benefit Formula	3.0% at 55	3.0% at 55	2.7% at 57
Benefit Vesting Schedule	5 years	5 years	5 years
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
Monthly Benefits, as a % of Eligible Compensation	3.000%, 50+ yrs	2.400% - 3.000%, 50 yrs – 55+ yrs, respectively	2.000% - 2.700%, 50 yrs – 57+ yrs, respectively
Required Employee Contribution Rate	9.000%	9.000%	12.750%
Required City Contribution Rate	40.523%	40.523%	40.523%

⁽¹⁾ Plan is closed to new entrants.

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount

necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the employer contributions recognized as a reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$3,803,283 and \$5,171,283 respectively.

The City's contribution rates for the Miscellaneous Plan for Fiscal Years 2015 and 2016 were 17.053% and 19.749%, respectively. For Fiscal Years 2015 and 2016, the City's contributions to its Miscellaneous Plan totaled \$3,803,283 and \$4,653,491, respectively, which were equal to the respective annual required contributions (each, an "ARC") of the City.

The City's contribution rates for the Safety Plan for Fiscal Years 2015 and 2016 were 40.523% and 44.228%, respectively. For Fiscal Years 2015 and 2016, the City's contributions to its Safety Plan totaled \$5,171,283 and \$7,137,882, respectively, which were equal to the respective ARCs of the City.

The Normal Cost contribution rates for Fiscal Years 2017 and 2018 for the Miscellaneous Plan have been established by CalPERS at 8.060% and 7.888%, respectively, of annual covered payroll. Based on CalPERS' August 2016 actuarial valuation report for the City's Miscellaneous Plan, the City's Fiscal Years 2017 and 2018 payments for its unfunded liability for the Miscellaneous Plan have been established at \$3,123,767 and \$3,697,518, respectively. The City's Normal Cost contribution rates for Fiscal Years 2017 and 2018 for the Safety Plan have been established at 22.849% and 22.274%, respectively, of annual covered payroll. Based on CalPERS' August 2016 actuarial valuation report for the City's Safety Plan, the City's Fiscal Years 2017 and 2018 payments for its unfunded liability for the Safety Plan have been established at \$4,354,316 and \$5,321,925, respectively.

Employees hired on or after January 1, 2013 who meet the definition of a "New CalPERS Member" are subject to the California Public Employees' Pension Reform Act of 2013 ("AB 340"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier (2% at 62 formula) with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36 month period. Employees are required to pay at least 50% of the total normal cost rate.

Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013 who were not already enrolled in CalPERS through their previous employers; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases.

Provisions in AB 340 will not likely have a material effect on City's contributions in the short term. However, additional employee contributions, limits on pensionable compensation and higher retirement ages for new members will reduce the City's total pension liability and potentially reduce City contribution levels in the long term.

Net Pension Liability, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions. The following tables show the changes in net pension liability during Fiscal Year 2015 for the City's Miscellaneous Plan and Safety Plan.

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net Pension Liability/(Assets) (c)=(a)-(b)</i>
Miscellaneous Plan			
Balance at: 6/30/2014 (Valuation Date) ⁽¹⁾	\$ 254,669,734	\$ 207,812,443	\$ 46,857,291
Changes Recognized for the Measurement Period			
Service Cost	3,161,189	--	3,161,189
Interest on the Total Pension Liability	18,495,828	--	18,495,828
Changes of Benefit Terms	--	--	--
Difference between Expected and Actual Experience	(3,363,816)	--	(3,363,816)
Changes of Assumptions	(4,427,183)	--	(4,427,183)
Contribution from the Employer	--	3,747,091	(3,747,091)
Contributions from Employees	--	1,766,013	(1,766,013)
Net Investment Income	--	4,578,528	(4,578,528)
Benefit Payments including Refunds of Employee Contributions	(13,367,634)	(13,367,634)	--
Plan to Plan Resource Movement	--	(521)	521
Administrative Expense	--	(235,754)	235,754
Net Changes During 2014-15	498,384	(3,512,277)	(4,010,661)
Balance at: 6/30/2015 (Measurement Date) ⁽¹⁾	\$ 255,168,118	\$ 204,300,166	\$ 50,867,952

⁽¹⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

Source: Audited Financial Statement of the City for Fiscal Year 2016.

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net Pension Liability/(Assets) (c)=(a)-(b)</i>
Safety Plan			
Balance at: 6/30/2014 (Valuation Date) ⁽¹⁾	\$ 324,344,654	\$ 245,455,660	\$ 78,888,994
Changes Recognized for the Measurement Period			
Service Cost	4,785,362	--	4,785,362
Interest on the Total Pension Liability	23,712,742	--	23,712,742
Changes of Benefit Terms	--	--	--
Difference between Expected and Actual Experience	(2,090,216)	--	(2,090,216)
Changes of Assumptions	(5,565,887)	--	(5,565,887)
Contribution from the Employer	--	6,367,577	(6,367,577)
Contributions from Employees	--	2,743,727	(2,743,727)
Net Investment Income	--	5,342,317	(5,342,317)
Benefit Payments including Refunds of Employee Contributions	(18,221,480)	(18,221,480)	--
Plan to Plan Resource Movement	--	521	(521)
Administrative Expense	--	(271,705)	271,705
Net Changes During 2014-15	2,620,521	(4,039,043)	6,659,564
Balance at: 6/30/2015 (Measurement Date) ⁽¹⁾	\$ 326,965,175	\$ 241,416,617	\$ 85,548,558

⁽¹⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

Source: Audited Financial Statement of the City for Fiscal Year 2016.

As of the start of the measurement period (July 1, 2014), the net pension liability was \$125,746,785. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension

expense/(income) of \$3,996,959 for both the Miscellaneous Plan and Safety Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the City. As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Current year contributions that occurred after the measurement date of June 30, 2015	\$ 11,791,373	\$ --
Changes of assumptions	--	(5,897,071)
Differences between Expected and Actual Experiences	--	(3,105,709)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	19,249,497	(23,622,900)
Total	\$ 31,040,870	\$ (32,625,680)

Source: Audited Financial Statement of the City for Fiscal Year 2016.

\$11,791,373 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Measure Period Ended June 30:</i>	<i>Deferred Outflows/(Inflows) of Resources</i>
2016	\$ (9,506,247)
2017	(5,620,383)
2018	(3,061,926)
2019	4,812,373

Source: Audited Financial Statement of the City for Fiscal Year 2016.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2016 is shown below.

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions ⁽¹⁾ :	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table ⁽²⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA of up to 2.75% until Purchase Power Protection Allowance Floor on Purchase Power applies, 2.75% thereafter

⁽¹⁾ Actuarial assumptions were the same for all Plans.

⁽²⁾ The Mortality Rate Table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

⁽³⁾ Net of pension plan investment expenses, including inflation

Source: Audited Financial Statement of the City for Fiscal Year 2016.

The following table sets forth the schedule of funding for the City's Miscellaneous Plan. The employer contribution rate for Fiscal Year 2017 is 21.586% of annual covered payroll for the Miscellaneous Plan and payment for its unfunded liability has been established at \$3,123,767.

<i>Valuation Date (June 30)</i>	<i>Accrued Liability</i>	<i>Market Value of Assets (MVA)</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
2011	\$224,309,938	\$177,419,801	\$46,890,137	79.1%	\$23,667,462
2012	231,289,438	170,187,344	61,102,094	73.6	23,046,877
2013	235,600,974	183,795,478	51,805,496	78.0	21,207,342
2014	251,305,918	207,630,193	43,675,725	82.6	21,134,245
2015	259,811,428	203,993,535	55,817,893	78.5	22,232,767

Source: CalPERS Actuarial Report Dated August 2016.

The following table sets forth the schedule of funding for the City's Safety Plan. The employer contribution rate for Fiscal Year 2017 is 22.849% of annual covered payroll for the Safety Plan and payment for its unfunded liability has been established at \$4,354,316.

<i>Valuation Date (June 30)</i>	<i>Accrued Liability</i>	<i>Market Value of Assets (MVA)</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
2011	\$284,367,753	\$217,953,586	\$66,414,167	76.6%	\$14,355,116
2012	289,143,930	205,273,761	83,870,169	71.0	14,559,931
2013	296,565,370	219,262,450	77,302,920	73.9	14,740,505
2014	322,254,438	246,247,191	76,007,247	76.4	15,076,035
2015	334,217,163	241,041,073	93,176,090	72.1	15,652,732

Source: CalPERS Actuarial Report Dated August 2016.

CalPERS reported significant investment losses in 2009. CalPERS earnings reports for Fiscal Years 2010 through 2016 reported an investment gain of 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4% and 0.61%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The CalPERS pension trust pays all retiree benefit payments associated with the City's plan.

Actuarial Methods. The staff actuaries at CalPERS annually prepare an actuarial valuation which covers a Fiscal Year ending approximately 15 months before the actuarial valuation is delivered (thus, the actuarial valuations delivered to the City in fall 2016 covered the City's Fiscal Year ended June 30, 2015). The actuarial valuations express the City's required contribution rates in percentages of covered payroll, which percentages the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rate derived from the actuarial valuation as of June 30, 2015, which was delivered in fall 2016, affects the City's Fiscal Year 2017-18 required contribution rate). CalPERS rules require the City to implement the actuary's recommended rates. CalPERS provides a lump sum payment option that the City may opt to pay in July of each year, rather than having payment transmitted as a percentage of each reported biweekly payroll.

In calculating the annual actuarially recommended contribution rates, the CalPERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that CalPERS will fund under the CalPERS plans, which includes two components, the normal cost and the total pension liability. The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the actuarial accrued liability represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The total pension liability represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The total pension liability is based on several assumptions such as, among others, the rate of

investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the total pension liability includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the total pension liability may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability that the City owes to CalPERS under its CalPERS plans.

In each actuarial valuation, the CalPERS actuary estimates the actuarial value of the assets (the “Actuarial Value”) of the CalPERS plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return, currently 7.50%. As described below, these policies and actuarial assumptions have changed significantly in recent years and are expected to change or be modified further by CalPERS in the future. The CalPERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. Certain significant recent changes in assumptions include the following:

1. On December 21, 2016, the CalPERS Board voted to lower the CalPERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for public agencies.

2. On November 17, 2015, the CalPERS Board approved changes that could affect the assumed investment return rate in the future. In years in which CalPERS’ investment returns are more than 2% greater than forecast, the long-term assumed investment return rate will be reduced by a maximum of 0.25%. CalPERS estimates that this change will reduce the assumed investment return rate by approximately 1% (to 6.5%) within 20 years.

3. On February 18, 2014, the CalPERS Board approved changes to actuarial assumptions and methods based upon a recently completed experience study. These changes include: moving from using smoothing of the market value of assets to obtain the actuarial value of assets to direct smoothing of employer contribution rates; increased life expectancy; changes to retirement ages (earlier for some groups and later for others); lower rates of disability retirement; and other changes.

4. On April 17, 2013, the CalPERS Board approved a plan: (i) to replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process; and (ii) to replace the current 30-year rolling amortization of unfunded liabilities with a 30-year fixed amortization period. CalPERS’ Chief Actuary has stated that the revised approach provides a single measure of funded status and unfunded liabilities, less rate volatility in extreme years, a faster path to full funding and more transparency to employers such as the City about future contribution rates. These changes are expected to accelerate the repayment of unfunded liabilities (including CalPERS’ fiscal year 2009 market losses described above) of the City’s CalPERS plan in the near term; the exact magnitude of the potential contribution rate increases is not known at this time, but may be significant. These changes were reflected beginning with the June 30, 2014 actuarial valuation affecting contribution rates for Fiscal Year 2016 and thereafter. The City budgets for its annual pension contributions based on the rates established by CalPERS each year.

5. On March 14, 2012, the CalPERS Board approved a change in the inflation assumption used in the actuarial assumptions used to determine employer contribution rates. This reduced the assumed investment return from 7.75% to 7.50%, reduced the long-term payroll growth assumption from 3.25% to 3.00%, and adjusted the inflation component of individual salary scales from 3.25% to a merit scale varying by duration of employment, an assumed annual inflation component of 3.00% and an annual production growth of 0.25%. Although the full impact of such changes is not yet clear, CalPERS has estimated that they could result in net increases in future contribution levels of approximately 1% to 2%; however, the reduction in the

inflation assumption could partially mitigate increases, if any, in the City's required annual contributions resulting from the reduction in the assumed investment rate of return, as described above.

Changes in Pension Accounting Standards. In June 2012, the Governmental Accounting Standards Board ("GASB") adopted new standards (GASB Statement No. 68, or "GASB 68") with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. The reporting requirements took effect in the Fiscal Year 2015. Based on the adoption of the new accounting standards, beginning with the Fiscal Year 2015 actuarial valuation, the ARC and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City's pension plan funding obligations.

For additional information relating to the City's plan, see Note 12 to the City's audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

The above information is primarily derived from information produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified the information provided and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future.

Other Post-Employment Benefits

Collateral Benefits Plan. The Collateral Benefits Plan provides a supplemental retirement benefit to City employees upon resigning from the City and concurrently retiring with CalPERS. The supplemental benefit is a monthly benefit of \$100 from the first of the month following retirement from the City until the age of 65 for Tier 1 and Tier 2 employees. Tier 1 employees include Mid-Management and Confidential, Police Officers' Association, City Employees' Association, and Management Group B employees, and are required to have at least 20 years of City service upon retiring after July 1, 1987. Tier 2 employees include Executive Management Group A employees and are required to have at least one year of City service upon retiring after July 1, 1991. Employees hired after July 1, 2011, are not eligible for this plan. There are 88 participants receiving collateral benefits at June 30, 2016.

Collateral Benefits Funding Policy. The City's funding policy for the Collateral Benefits Plan is to contribute the annual required contribution. The annual required contribution equals the sum of (i) normal cost, and (ii) amortization of the unfunded actuarial accrued liability. GASB Statement 27 requires that the City determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the

annual required contribution (“ARC”) and amounts contributed. The actuary has determined the City’s ARC equal to the sum of (a) normal cost, and (b) amortization of the unfunded actuarial accrued liability.

For the year ending June 30, 2016, the City’s annual pension cost for the Collateral Benefits Plan of \$102,949 was equal to the actuarial required contribution. The following table provides 3 years of historical information of the Annual Pension Cost for the Collateral Benefits Plan:

<i>Year Ending (June 30)</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation (Asset)</i>
2014	\$ 110,032	100%	\$ --
2015	110,032	100	--
2016	102,949	100	--

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Collateral Benefits Funding Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll.

<i>Schedule of Funding Progress Collateral Benefits Plan</i>						
<i>Actuarial Valuation Date (July 1)</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>
2009	\$ 179,275	\$ 954,779	\$ (775,504)	18.8%	n/a	n/a
2012	220,801	976,744	(755,943)	22.6	n/a	n/a
2014	258,073	905,593	(647,520)	28.5	n/a	n/a

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Public Employees’ Medical and Hospital Care Program (PEMHCA) Plan. Employees of the City who retire through CalPERS, their spouses, and eligible dependents, may receive health plan coverage through the Public Employees’ Medical and Hospital Care Program Plan (the “PEMHCA Plan”). The PEMHCA Plan is a single employer defined benefit plan which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected, with the maximum contribution limited for individual retirees based on bargaining groups as listed below:

<i>Bargaining Group</i>	<i>Benefit</i>
Pomona City Council Members	\$ 700
Pomona Executive Management Group	700
Pomona Mid-Management/Confidential Employees’ Association	700
Pomona City Employees’ Association	700
Pomona Police Managers’ Association	700
Pomona Police Officers’ Association	700
Firefighters (Pre-Merger with Los Angeles County Fire District)	465

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Police Management retirees with at least 22 years of service as a Police Officer receive up to 90% contribution towards the most expensive 2-party CalPERS plan premium. This benefit terminates once the

retiree is eligible for Medicare (age 65). This provision has been eliminated for employees hired or promoted to the unit after July 1, 2011. There are 488 employees eligible to receive or are receiving post-employment benefits at June 30, 2016.

PEMHCA Plan Funding Policy. The required contribution of the City is based on a pay-as-you-go financing requirement. For Fiscal Year 2016, the City contributed \$3,393,250 to the PEMHCA Plan.

The City's annual Other Postemployment Benefit ("OPEB") cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation to the Plan:

	<i>Total</i>
Annual required contribution	\$ 6,736,902
Interest on net OPEB obligation	792,089
Adjustment to annual required contribution	(1,014,032)
Annual OPEB cost (expense)	6,514,959
Contributions made	3,393,250
Increase in net OPEB obligation	3,121,709
Net OPEB obligation - beginning of year	19,802,228
Net OPEB obligation - end of year	\$ 22,923,937

Source: Audited Financial Statement of the City for Fiscal Year 2016.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the PEMHCA Plan, and the net OPEB obligation for 2016 is as follows:

<i>Year Ending (June 30)</i>	<i>Annual OPEB Cost</i>	<i>Annual Contribution</i>	<i>% of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
2014	\$ 5,252,076	\$ 3,107,605	59.2%	\$ 17,668,252
2015	5,479,146	3,345,170	61.1	19,802,228
2016	6,514,959	3,393,250	52.1	22,923,937

Source: Audited Financial Statement of the City for Fiscal Year 2016.

PEMHCA Plan Funding Status and Funding Progress. As of January 1, 2016, the most recent actuarial valuation date, the PEMHCA Plan was zero percent funded. The Actuarial Accrued Liability ("AAL") for benefits was \$88,492,843 and the actuarial value of assets was \$0 resulting in an Unfunded Actuarial Accrued Liability ("UAAL") of \$88,492,843. The covered payroll (annual payroll of active employees covered by the plan) was \$39,293,795 and the ratio of UAAL to the covered payroll was 225.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll.

<i>Schedule of Funding Progress PEMHCA Plan</i>						
<i>Actuarial Valuation Date (January 1)</i>	<i>Actuarial Value of Assets</i>	<i>Entry Age Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>
2012	\$ --	\$ 77,168,916	\$ (77,168,916)	0.0%	\$ 36,101,000	213.8%
2014	--	76,618,515	(76,618,515)	0.0	40,318,000	190.0
2016	--	88,492,843	(88,492,843)	0.0	39,293,795	225.2

Source: Audited Financial Statement of the City for Fiscal Year 2016.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016, actuarial valuation, the entry age normal (“EAN”) cost method was used. The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. The actuarial assumptions include a 4.0% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare cost trend rate of 7.0% and 6.5% for PPO and HMO respectively and reduced to an ultimate rate of 5.0% thereafter. The actuarial assumption for inflation was 2.75%. As of the valuation date, there are no eligible plan assets. The UAAL is being amortized over an initial 30 years using the level percentage-of-pay method on a closed basis. The remaining amortization period at June 30, 2016, was 22 years. As of the actuarial valuation date of January 1, 2016, the City had 508 active eligible participants and 693 eligible retired participants and beneficiaries.

For additional information relating to the City’s OPEB obligations, see Note 13 to the City’s audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

Labor Relations

The City currently employs 488 full-time equivalent employees in a variety of classifications. City employees are represented by the following bargaining units:

<i>Labor Organization</i>	<i>Number of Employees</i>	<i>Contract Expiration Date</i>
Pomona City Employees’ Association (PCEA)	247	June 30, 2017 ⁽¹⁾
Pomona Mid-Management/Confidential Employees’ Association (PMMCEA)	60	June 30, 2017 ⁽¹⁾
Pomona Police Managers’ Association (PPMA)	9	June 30, 2017 ⁽¹⁾
Pomona Police Officers’ Association (PPOA)	142	June 30, 2017 ⁽¹⁾

⁽¹⁾ Pursuant to each bargaining unit’s respective memorandum of understanding with the City, each bargaining unit will continue to operate under its current contract with the City until a new collective bargaining agreement is reached.

Source: The City.

The City has not experienced a major work stoppage by City employees in the last five years.

City Investment Policy

The City may invest public funds until such time as the funds are needed to pay the obligations of the City. The City maintains an Investment Policy adopted in 2016, which sets forth guidelines of the City Treasurer's investment of such funds. The Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standards, and the primary objective shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet liquidity needs, and the third objective shall be to achieve a market rate of return.

The City matches its investments with anticipated cash flow requirements. Pursuant to the California Government Code, maximum maturities shall not exceed five (5) years, without specific approval of the City Council.

The Treasurer renders a quarterly report to the City Council, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. Additionally, the report includes the rate of interest, accrued interest earned and other data so required by the City Council. The report also includes a statement denoting the City's ability to meet its expenditure requirements for the following six month period, or an explanation as to why sufficient moneys will not be available. The City only transacts business with banks, savings and loan institutions, and registered investment securities dealers.

Collateralization is required for investments in certificates of deposit (in excess of the FDIC insured amount) and all repurchase agreements, with a collateral level of at least 102% of market value of principal and accrued interest of eligible securities for certificates of deposit and repurchase agreements.

The City may not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The City may hold previously permitted but currently prohibited investments until their maturity dates.

From time to time, the City Council may authorize the issuance of debt in accordance with State and Federal laws. Given the special requirements of such debt-repayment schedules and arbitrage/rebate requirements, the Treasurer may choose to place the investment of these funds with the City's fiscal agent or trustee. In such instances, the policy, objectives and investment restrictions shall be established by the Council by separate action and investment of such funds shall be governed by the indenture of trust or other bond documents.

The City's investment portfolio accounted for investments of approximately \$217 million (of which approximately \$92 million were held by various fiscal agents in connection with outstanding bonded indebtedness). With respect to funds not held by various fiscal agents, the following table presents a breakdown of the City's investment portfolio by type of security as of June 30, 2016.

<i>Investments</i>	<i>Percentage of Total Market Value</i>
LAIF	66.37%
FHLB	2.40
FHLMC	4.79

Source: The City.

For additional information relating to the City's investments, see Note 3 to the City's audited financial statements for Fiscal Year 2016 attached to the Official Statement as Appendix C.

APPENDIX B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

[TO COME]

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE YEAR ENDED JUNE 30, 2016**

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

_____, 2017

Pomona Facilities Financing Authority
505 South Garey Avenue
Pomona, California 91766

Re: \$_____ *Pomona Facilities Financing Authority*
 2017 Lease Revenue Refunding Bonds, Series BG (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Pomona Facilities Financing Authority (the "Authority") of the Pomona Facilities Financing Authority 2017 Lease Revenue Refunding Bonds, Series BG (Federally Taxable) (the "Bonds") in the aggregate principal amount of \$ _____. In such connection, we have reviewed the Indenture, dated as of _____ 1, 2017 (the "Indenture"), by and among Zions Bank, a division of ZB, N.A., as Trustee (the "Trustee"), the Authority and the City of Pomona (the "City"), the Lease Agreement, dated as of _____ 1, 2017 (the "Lease Agreement"), by and between the City and the Authority, the Ground Lease, dated as of _____ 1, 2017 (the "Ground Lease"), by and between the City and the Authority, the Assignment Agreement, dated as of _____ 1, 2017 (the "Assignment Agreement"), by and between the Authority and the Trustee, opinions of counsel to the Authority, the City and the Trustee, certificates of the Authority, the City and the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon our examination 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 obligation of the City to pay Base Rental Payments in accordance with the terms of the Lease Agreement is a valid and binding obligation payable from the funds of the City lawfully available therefore, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against municipalities in the State of California. The obligation of the City to make Base Rental Payments under the Lease Agreement does not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the City, the State of California or any political subdivision thereof.

(2) The Lease Agreement and the Indenture have been duly authorized, executed and delivered by the City and the Authority and constitute valid and legally binding agreements of the City and the Authority enforceable against the City and the Authority in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against municipalities in the State of California, except that we express no opinion as to any provisions in the Lease Agreement or the Indenture with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver.

(3) Interest (and original issue discount) on the Bonds is exempt from personal income taxes imposed in the State of California.

(4) 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 Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues to a Bond owner is exempt from State of California personal income tax.

(5) The amount by which a Bond owner's original basis for determining loss on sale or exchange in a Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond, and 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.

Except as expressly set forth in paragraphs (3), (4) and (5) we express no opinion regarding any tax consequences with respect to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) due 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.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Lease Agreement, the Ground Lease and the Assignment Agreement or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

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

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their execution and delivery.

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

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of _____ 1, 2017 (the “Disclosure Certificate”) is executed and delivered by the City of Pomona (the “City”) in connection with the execution and delivery of the Pomona Facilities Financing Authority’s (the “Authority”) \$_____ 2017 Lease Revenue Refunding Bonds, Series BG (Federally Taxable) (the “Bonds”).

WHEREAS, the Bonds are being issued pursuant to an Indenture, dated as of _____ 1, 2017 (the “Indenture”), by and among the Authority, the City and Zions Bank, a division of ZB, N.A., as trustee (the “Trustee”).

WHEREAS, the Bonds are payable from the base rental payments to be made by the City under the Lease Agreement, dated as of _____ 1, 2017 (the “Lease Agreement”), between the City, as lessee, and the Authority, as lessor; and

WHEREAS, this Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

NOW, THEREFORE, the City covenants as follows:

SECTION 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Comprehensive Annual Financial Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the City Manager of the City, the Assistant City Manager of the City or their designee, or such other officer or employee as the City shall designate in writing from time to time.

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

“Listed Events” shall mean any of the events listed in Section 4(a) and (b) of this Disclosure Certificate.

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

“Official Statement” shall mean the Official Statement relating to the Bonds, dated _____, 2017.

“Participating Underwriter” shall mean B.C. Ziegler and Company, the original Underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org>.

“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.

“State” shall mean the State of California.

SECTION 2. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s fiscal year, which date, as of the date of this Disclosure Certificate, is April 1 (the “Annual Report Date”), commencing April 1, 2018, with the report for the 2016-17 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 3 of this Disclosure Certificate, with a copy to the Trustee. Not later than five (5) Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent, if other than the City. 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 3 of this Disclosure Certificate. If the City’s fiscal year changes, the City, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 4(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If by five (5) Business Days prior to the Annual Report Date, the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such non-receipt.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the Annual Report Date, the Dissemination Agent shall provide a notice in substantially the form attached hereto as Exhibit A, in a timely manner to the MSRB (with a copy to the Trustee and the Participating Underwriter).

(d) Unless the City has done so pursuant to Section 3(a) above, the Dissemination Agent (if other than the City) shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a certificate with the City to the effect that the Annual Report has been provided pursuant to this Disclosure Certificate, stating, to the extent it can confirm such filing of the Annual Report, the date it was provided.

SECTION 3. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) The City’s audited financial statements, prepared in accordance with generally accepted auditing standards for municipalities in the State of California. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report

shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the City's audited financial statements required pursuant to Section 3(a) hereof, the following information:

- (i) The principal amount of the Bonds outstanding;
- (ii) The balance in the Reserve Fund;
- (iii) The City's adopted general fund budget for the fiscal year then ended;
- (iv) Total property assessed values within the City, which may be in the form of Table [4] in Appendix A of the Official Statement;
- (v) Property tax levies and collections, which may be in the form of Table [5] in Appendix A of the Official Statement; and
- (vi) Top ten principal taxpayers within the City, which may be in the form of Table [6] in Appendix A of the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not 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. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposal Issue (IRS Form 5701-TEB);
- 6. Tender Offers;
- 7. Defeasances;
- 8. Rating changes; and
- 9. Bankruptcy, insolvency, receivership or similar proceedings.

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

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 4, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material in a timely manner not more than ten (10) business days after occurrence:

1. unless described in Section 4(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. modifications to the rights of Bondholders;

3. Bond calls;

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

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the City or the Authority or the sale of all or substantially all of the assets of the City or the Authority, 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; and

7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the City determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the City, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the City determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the City, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

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

SECTION 5. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The obligations of the City, the Trustee and the Dissemination Agent under this Disclosure Certificate 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 City shall give notice of such termination in the same manner as for a Listed Event under Section 4(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City and shall have no duty to review any information provided to it by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule; provided, the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the City 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 City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

No Bond holder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City

for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, if any, 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.

CITY OF POMONA

By: _____
City Manager

ATTEST:

City Clerk

EXHIBIT A

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

Name of Issuer: Pomona Facilities Financing Authority

Name of Issue: Pomona Facilities Financing Authority 2017 Lease Revenue Refunding Bonds,
Series BG (Federally Taxable)

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the City of Pomona (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated _____, 2017, executed by the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF POMONA

By: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority and the Underwriter believe to be reliable, but neither the Authority nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series BG Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the Series BG Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series BG Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series BG Bonds. The Series BG Bonds will be executed and delivered 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 executed and delivered for each annual maturity of the Series BG Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series BG 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 Series BG Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series BG 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 Series BG 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 Series BG Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series BG 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 Series BG Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bond by causing the Direct Participant to transfer the Participant's interest in the Series BG 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 Series BG 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 Series BG Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES BG BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES BG BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

SUPPLEMENTAL INFORMATION—THE CITY OF POMONA

The following information relating to the City of Pomona (the “City”) and the County of Los Angeles, California (the “County”) is supplied solely for purposes of information. The County is not obligated in any manner to pay principal of or interest on the Series BG Bonds or to cure any delinquency or default on the Series BG Bonds. The Series BG Bonds are payable solely from the sources described in the Official Statement.

General Information

The City was incorporated in January 1888 and became a charter city in 1911. The City now encompasses approximately 22.9 square miles. The City is located approximately 30 miles east of downtown Los Angeles, in the eastern portion of the County of Los Angeles, adjacent to Orange and San Bernardino Counties.

The City Charter provides for a council-manager form of government, with an elected council of seven members including a mayor. City Councilmembers are elected by district for overlapping four-year terms. The Mayor is the presiding officer of the Council and is elected at large for a two-year term. The City Manager appoints department heads on the basis of specialized knowledge, experience and education in their area of responsibility.

Budgeted City full-time employees number ____ for the Fiscal Year 2017, of which ____ (____ sworn officers and ____ civilian personnel) will be assigned to the Police Department.

Population

The City has an estimated current population of 155,604. Table G-1 sets forth total population for the City, the County of Los Angeles (the “County”) and the State of California (the “State”).

Table G-1
City of Pomona, County of Los Angeles and State of California
Population

<i>January 1</i>	<i>City of Pomona</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2012	151,672	9,956,722	37,881,357
2013	153,410	10,023,753	38,239,207
2014	154,140	10,093,053	38,567,459
2015	154,712	10,155,069	38,907,642
2016	155,604	10,241,335	39,255,883

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and State, 2011-2016, with 2010 Census Counts.

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Employment and Industry

Table G-2 summarizes the civilian labor force, civilian employment and civilian unemployment figures over the period from 2011 through 2015 in the City, the County, the State and the United States.

Table G-2
City of Pomona, County of Los Angeles, State of California and United States
Labor Force, Employment and Unemployment Yearly Average

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Civilian Employment⁽¹⁾</i>	<i>Civilian Unemployment⁽²⁾</i>	<i>Civilian Unemployment Rate⁽³⁾</i>
2011				
Pomona	66,900	57,800	9,000	13.5%
Los Angeles County	4,928,500	4,327,900	600,500	12.2
California	18,419,500	16,260,100	2,159,400	11.7
United States	153,617,000	139,869,000	13,747,000	8.9
2012				
Pomona	66,600	58,500	8,100	12.1%
Los Angeles County	4,921,800	4,385,300	536,500	10.9
California	18,554,800	16,630,100	1,924,700	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
2013				
Pomona	67,100	59,900	7,300	10.8%
Los Angeles County	4,979,000	4,494,400	484,600	9.7
California	18,671,600	17,002,900	1,668,700	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
Pomona	67,800	61,600	6,200	9.2%
Los Angeles County	5,025,900	4,611,500	414,300	8.2
California	18,811,400	17,397,100	1,414,300	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
Pomona	67,500	62,500	5,100	7.5%
Los Angeles County	5,011,700	4,674,800	336,900	6.7
California	18,981,800	17,798,600	1,183,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department, March 2015 Benchmark; U.S. Department of Labor, Bureau of Labor Statistics.

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Table G-3 sets forth the industry employment and the labor force estimates for the years 2011 through 2015 for the Los Angeles-Long Beach-Glendale MSA Metropolitan Statistical Area (“MSA”). Annual industry employment information is not compiled by sector for the City.

Table G-3
Los Angeles-Long Beach-Glendale MSA
Industry Employment and Labor Force
Annual Average

<i>Type of Employment</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Total Farm	5,600	5,400	5,500	5,200	5,000
Total Nonfarm	3,945,700	4,036,000	4,112,700	4,189,000	4,274,200
Total Private	3,380,200	3,479,100	3,561,400	3,632,800	3,707,800
Goods Producing	476,000	480,800	488,800	488,000	490,800
Mining and Logging	4,100	4,300	4,500	4,300	3,900
Construction	105,100	109,200	116,200	119,600	126,100
Manufacturing	366,900	367,400	368,200	364,100	360,800
Durable Goods	204,200	204,300	204,300	202,900	202,400
Nondurable Goods	162,800	163,100	163,800	161,300	158,400
Service Providing	3,469,700	3,555,200	3,623,900	3,701,000	3,783,400
Private Service Producing	2,904,200	2,998,400	3,072,600	3,144,800	3,217,000
Trade, Transportation and Utilities	750,700	767,400	781,800	798,800	817,800
Wholesale Trade	205,800	211,900	218,700	222,500	227,000
Retail Trade	393,000	400,900	405,600	413,000	420,500
Transportation, Warehousing and Utilities	151,800	154,500	157,500	163,400	170,400
Information	192,000	191,500	196,400	198,000	202,700
Financial Activities	210,100	212,400	213,000	211,100	214,200
Professional and Business Services	542,500	571,100	593,200	599,100	600,300
Educational and Health Services	677,300	699,500	702,100	720,700	742,200
Leisure and Hospitality	394,700	415,800	440,500	466,600	488,100
Other Services	137,000	141,700	145,700	150,500	151,700
Government	<u>565,500</u>	<u>556,800</u>	<u>551,200</u>	<u>556,200</u>	<u>566,400</u>
Total, All Industries	<u>3,951,300</u>	<u>4,041,400</u>	<u>4,118,100</u>	<u>4,194,200</u>	<u>4,279,200</u>

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

Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles-Long Beach-Glendale MSA Industry Employment & Labor Force - by Annual Average, March 2015 Benchmark.

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Major Employers

Table G-4 sets forth the principal employers in the City as of June 30, 2016.

Table G-4
City of Pomona
Principal Employers

<i>Employer</i>	<i>Number of Employees</i>
Pomona Valley Hospital	3,720
Pomona Unified School District	2,926
California State Polytechnic University	2,612
Fairplex	954
Casa Colina Rehabilitation Center	938
City of Pomona	685
Verizon	596
County of Los Angeles Department of Social Services	400
First Transit	348
Inland Valley Care & Rehab	341
Kittrich Corporation	256
Torn & Glasser Inc.	242
Hayward Industries Inc.	230
Walmart Stores Inc.	207
Anheuser Busch Sales Pomona	204

Source: City of Pomona, *Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016*.

Commercial Activity

Trade outlet and retail sales activity are summarized in Tables G-5 and G-6 based on reports of the State Board of Equalization.

Table G-5
City of Pomona
Total Taxable Transactions and Number of Sales Permits
2011 through 2015⁽¹⁾

<i>Calendar Year</i>	<i>Retail Sales⁽²⁾</i>	<i>Retail Sales Permits</i>	<i>Total Taxable Transactions⁽²⁾</i>	<i>Issued Sales Permits</i>
2011	727,128	3,331	1,100,664	4,649
2012	767,593	3,343	1,191,591	4,658
2013	781,599	3,326	1,239,009	4,635
2014	817,869	3,409	1,331,872	4,747
2015	863,851	⁽³⁾	1,353,565	⁽³⁾

⁽¹⁾ Reflects latest information available.

⁽²⁾ Dollar amounts are in thousands.

⁽³⁾ Number of permits has not been provided for 2015 for cities

Source: California State Board of Equalization.

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Table G-6
City of Pomona
Taxable Retail Sales
2011 through 2015⁽¹⁾⁽²⁾⁽³⁾

<i>Type of Business</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015⁽³⁾</i>
Motor Vehicle & Parts Dealers	\$ 79,344	\$ 104,207	\$ 11,419	\$ 114,994	\$ 59,541
Home Furnishings & Appliance Stores	17,171	20,365	18,584	14,208	7,064
Building Materials & Garden Equipment & Supplies	70,021	70,799	75,990	82,983	24,161
Food & Beverage Stores	64,460	64,480	66,580	74,060	37,157
Gasoline Stations	220,722	221,196	209,743	203,028	85,667
Clothing & Clothing Accessories Stores	14,507	15,382	16,757	24,764	11,227
General Merchandise Stores	45,548	49,353	55,789	65,141	33,469
Food Services & Drinking Places	121,307	130,544	138,537	149,208	72,351
Other Retail Group	<u>94,049</u>	<u>91,267</u>	<u>88,201</u>	<u>89,483</u>	<u>43,546</u>
Retail Stores Totals	727,128	767,593	781,599	817,869	394,187
All Other Outlets	<u>373,536</u>	<u>423,998</u>	<u>457,410</u>	<u>514,002</u>	<u>247,452</u>
Total All Outlets	<u>\$ 1,110,664</u>	<u>\$ 1,191,591</u>	<u>\$ 1,239,009</u>	<u>\$ 1,331,872</u>	<u>\$ 641,640</u>

(1) Reflects latest information available.

(2) Dollar amounts are in thousands.

(3) Taxable Sales for California Cities by Type of Business only available through 2nd quarter.

Source: California State Board of Equalization.

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Building Activity

Table G-7 summarizes building activity in the City from 2011 through 2015, reflecting the latest available information.

Table G-7
City of Pomona
Building Permit Valuations
2011 through 2015

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
<u>Residential</u>					
Single Family	\$10,694,610	\$15,507,704	\$777,507	\$7,319,268	\$ 0
Multi-Family	0	0	20,099,673	465,485	18,517,719
Alteration/Additions	<u>1,872,566</u>	<u>2,617,489</u>	<u>1,076,346</u>	<u>1,407,155</u>	<u>2,081,911</u>
Total	\$12,567,176	\$18,125,193	\$21,953,526	\$9,191,908	\$20,599,630
<u>Non-Residential</u>					
New Commercial	\$1,641,278	\$7,860,216	\$19,807,867	\$12,353,859	\$3,907,805
New Industry	0	0	23,158,611	7,528,131	0
Other ⁽¹⁾	1,809,698	2,058,722	18,614,425	14,703,483	718,453
Alteration/Additions	<u>10,776,263</u>	<u>3,919,130</u>	<u>9,411,917</u>	<u>5,685,716</u>	<u>10,330,437</u>
Total	\$14,227,239	\$13,838,068	\$70,992,820	\$40,271,189	\$14,956,695
<u>Total All Industry</u>					
<u>Total</u>					
Single Family Units	47	67	4	35	0
Multi-Family Units	<u>0</u>	<u>0</u>	<u>251</u>	<u>4</u>	<u>159</u>
Total	47	67	255	39	159

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings.

Source: California Homebuilding Foundation/Construction Industry Research Board.